

Asia	Sch 20	London	11.20	11.20	11.20
Bahamas	Da 0.50	Paris	11.20	11.20	11.20
Bahrain	Da 0.50	Frankfurt	11.20	11.20	11.20
Canada	Da 0.50	Geneva	11.20	11.20	11.20
Ceylon	Da 0.50	Hong Kong	11.20	11.20	11.20
Denmark	Da 0.50	Madrid	11.20	11.20	11.20
East	Da 0.50	Moscow	11.20	11.20	11.20
France	Da 0.50	New York	11.20	11.20	11.20
Germany	Da 0.50	Osaka	11.20	11.20	11.20
Greece	Da 0.50	Seoul	11.20	11.20	11.20
Hong Kong	Da 0.50	Taipei	11.20	11.20	11.20
India	Da 0.50	Tokyo	11.20	11.20	11.20
Italy	Da 0.50	Washington	11.20	11.20	11.20
Japan	Da 0.50	Zurich	11.20	11.20	11.20
Malaysia	Da 0.50				
Philippines	Da 0.50				
Singapore	Da 0.50				
Sri Lanka	Da 0.50				
Taiwan	Da 0.50				
Thailand	Da 0.50				
USA	Da 0.50				

Move to defuse Berlin tension

The three Western occupying powers in Berlin are in contact with the Soviet Union, seeking a formula to end the tensions created by East Germany's insistence that Western diplomats based there should carry passports when crossing to West Berlin.

For the second successive day, diplomats from Western embassies in East Berlin without a passport were being turned back by border police at crossing points.

However, there were clear signs that nobody wanted to escalate the present dispute into a serious showdown over the complex agreements that guarantee the Western presence in East Berlin. Page 2

Aid for farmers

EEC farm ministers gave their blessing for West Germany to give more national subsidies to its small farmers, although it means bending the rules to do so. Page 3

Sharing profits

British Ministers are considering another form of profit-sharing as an alternative to the method suggested by Nigel Lawson, Chancellor of the Exchequer, because of fears of its probable low take-up by employees. Page 23

Leader to go

Dutch Liberal Party is to replace its young leader Ed Nijpels after losing a quarter of its seats in last week's elections. Page 4

Kuwaiti lay-offs

Kuwait is to lay off 30,000 expatriate workers, mostly Arabs, because of falling revenue. Page 6

Thai sacking

Thailand Premier Prem Tinsulanonda dismissed Gen Arthil Kanchanag, commander of the politically powerful army. Page 6

Karachi blasts

Bombs blasted an American and two Saudi Arabian offices in central Karachi, killing one man and injuring four.

Basque threat

Basque separatist guerrillas said they would mount a sabotage campaign in Spain's holiday resorts this summer. Right-wingers threatened retaliation in the Basque country.

Soldiers killed

Seven soldiers were killed and nine civilians severely wounded when they were ambushed by communist rebels in the northern Philippines.

Belgian walk-out

Belgium's centre-right coalition government faced renewed unrest when secondary teachers in private and state schools joined other strikers and walked out in protest against its austerity plans.

Polish trial

Solidarity activist Czeslaw Bielecki, who has been forced in prison since last October, will be tried by a military court on charges of trying to overthrow the state by force.

Whaling protest

A protest ship named Moby Dick will set out in pursuit of Norway's whaling fleet in an attempt to disrupt the hunt for minke whales, the environmentalist group Greenpeace said.

Rome taxi strike

Rome's 2,000 taxi drivers went on strike in sympathy with a colleague who was robbed and stabbed, the 15th attack of its kind in the last three months.

Students held

Czechoslovak police are holding five Austrian students who distributed anti-nuclear leaflets in Prague.

Sperry accepts Burroughs takeover

SPERRY agreed to be taken over by US computer rival Burroughs after Burroughs increased its bid to \$4.8bn, or 576.50 a share. The bid was substantially higher than an earlier offer of \$70 a share, worth \$4.4bn. Earlier story Page 29

DOLLAR fell in London to DM 2.3735 (DM 2.3750); FFf 1.24 (FFf 1.2425); SFf 1.810 (SFf 1.8050), and to Y189.25 (Y189.65). On Bank of England figures, the dollar's index was unchanged at 118.7. Page 43

STERLING gained 1 cent in London to close at \$1.506. It also rose to DM 3.4250 (DM 3.4500); FFf 10.9050 (FFf 10.8350); SFf 2.8325 (SFf 2.82) and Y255 (Y253.75). The pound's exchange rate index rose 0.4 to 76.2. Page 42

WALL STREET: At 3pm the Dow Jones industrial average was up 15.36 at 1,838.65. Page 50

LONDON returned from its market holiday to post a loss of 6.6 on the FT Ordinary share index, which ended at 1,324.8. Gifts were marginally better. Page 50

TOKYO: The Nikkei stock average hit its fourth consecutive peak, adding 57.86 to close at 16,467.25. Page 50

GOLD was unchanged at \$342.25 on the London bullion market. Page 42

NETHERLANDS said at UN talks on the African economy that it would cancel \$80m in debt service on loans if African countries agreed to policy changes.

SPAIN abolished a controversial labour authority that controls ports in a move likely to prolong a dock strike. Page 2

US FUTURES exchanges appear to have won a battle with their regulator on proposals for tighter capital requirements that had threatened to put many broking members out of business. Page 23

EEC has shifted its policy on trade in services and is pressing for an international agreement. Page 12

BHP, leading Australian diversified industrial group, has survived Bell Resources' AS3.6bn (US\$2.6bn) takeover bid. Page 32

MORGAN GRENFELL: A fifth of the shares will be available to investors when the merchant bank is floated on the London Stock Exchange. Page 28

PREUSSAG, West German metals, energy and transport concern, tumbled into loss after the collapse of the tin market late last year, amid generally weak metals prices and the decline of the US dollar. Page 29

DOME PETROLEUM: Concern that one or more of Dome Petroleum's 56 creditors may call in its loans has led to calls on the Canadian Government to intervene in tense negotiations on the future of the debt-laden Calgary oil and gas producer. Page 29

AUTOMOBILES PEUGEOT, subsidiary of the private French Peugeot car group, is seeking to reduce its management staff by more than 10 per cent. Page 29

SKANDINAVISKA Enskilda Banken, leading Swedish bank, increased operating profits by 63 per cent in the first four months of the year, helped by falling interest rates and booming activity on the Stockholm stock market. Page 29

MARLEY, UK tiles and bricks manufacturer, announced a proposed \$93.9m cash acquisition in the US aimed at strengthening its core building products business. Page 29

OECD (Organisation for Economic Co-operation and Development) committee has put forward proposals for greater labour market flexibility in an attempt to cut unemployment in industrialised countries. Page 28

SWIRE Properties must preserve a banyan tree on the 174,000 sq ft Victoria army barracks site in Hong Kong's main business district as a condition of its HK\$1.05bn (\$134m) purchase of the land.

US warns Moscow it may abandon Salt 2 restrictions

BY REGINALD DALE, US EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday announced that the US would cease to observe restrictions under the 1979 Strategic Arms Limitation Treaty (Salt 2) - one of the principal restraints on the superpower arms race unless Moscow radically altered its behaviour in the next few months.

Washington could no longer continue to subscribe "unilaterally" to a "flawed" treaty that had been so grievously undermined by Soviet violations, Mr Reagan said. In future, the US would decide the structure of its strategic forces on the basis of the "nature and magnitude" of the Soviet threat, rather than treaty standards, he said.

Mr Reagan, however, gave the Soviet Union one last chance to save the treaty by announcing the retirement and dismantlement two ageing Poseidon submarines to keep the US within the treaty limits after a new Trident submarine, the Nevada, starts sea trials today.

Dismantling the submarines would keep the US in "technical compliance" with the treaty for some months, giving the Soviet Union more time to take corrective action, Mr Reagan said.

Meanwhile, the US would exercise the "utmost restraint" and continue to retire older weapons as new ones were introduced if national security requirements permitted.

If the Soviet Union changed its

behaviour, Washington would "take account" of that as the US approaches the next treaty limit in the autumn, when it equips the 131st B-52 heavy bomber with air-launched cruise missiles. The US would decide whether to breach the treaty at that point, in the light of Moscow's response to yesterday's announcement.

The White House, however, said Moscow would have to act on three fronts if the US were to change its mind on disregarding treaty limits. The Soviet Union must start complying with the treaty, reverse its unprecedented arms build-up of the past few years, and allow progress in the Geneva arms control negotiations.

Administration officials said that one aim of Mr Reagan's move was to put pressure on the Soviet Union to agree to deep cuts in strategic weapons in the Geneva negotiations. Mr Reagan made clear that he had always regarded the treaty as only an interim-arms control measure, pending a more comprehensive agreement in Geneva.

Yesterday's statement was clearly a compromise between the demands of hardliners in the Administration, who have always wanted Salt 2 scrapped, and advocates of the maximum possible efforts to pursue the arms control process with Moscow.

Given that Moscow has never ad-

mitted violating the treaty, and that it is unlikely to reverse its arms build-up, the hardliners appeared to have an excellent chance of finally having their way when the B-52 decision comes round late in the year.

The Salt 2 treaty, the centrepiece of President Jimmy Carter's arms-control policies, was denounced by Mr Reagan as "fatally flawed" in his 1980 election campaign. While it has never been ratified by the US Senate, both sides pledged not to undercut its provisions so long as the other did likewise.

Yesterday, however, the White House said the Soviet Union had undermined the treaty's entire foundations by "continued, uncorrected non-compliance."

For its part, the US had scrupulously complied with the treaty, but it had been a one-way street. "It is not our intention to continue down this road," said Mr Larry Speakes, the White House spokesman.

The US has frequently accused Moscow of a long list of treaty violations, including the development of two new land-based intercontinental missiles when only one is permitted and the illicit encoding of missile test data.

Yesterday, Mr Speakes accused the Soviet Union of also violating two treaties limiting nuclear testing, the chemicals weapons treaty,

Continued on Page 28

US angers allies as human contacts conference fails

BY ROBERT MAUTNER, DIPLOMATIC CORRESPONDENT, IN LONDON

A SIX-WEEK East-West conference on improving human contacts ended in Bern yesterday in an atmosphere of recrimination between the Soviet Union and the US and with strains between the US and its Western allies.

The cause of the trouble was the last-minute rejection by Washington of what was described by delegates as a modest compromise document, which all the other Western participants, in spite of their reservations, were prepared to accept.

The failure of the Bern conference was yet another indication of the current impasse in East-West negotiations, despite all the conciliatory hints by Mr Mikhail Gorbachev, the Soviet leader.

It comes at a time when the US-Soviet nuclear arms control negotiations in Geneva are deadlocked, when little or no progress is being made in the Vienna-based negotia-

tions on reductions in conventional forces and when even the Stockholm conference on confidence-building measures appears to be bogged down.

To make matters worse, the Bern stalemate was as much due to disagreements between the Western allies themselves as to a more predictable East-West conflict. America's allies felt that the draft final document tabled by the neutral and non-aligned participants represented at least a limited amount of progress towards facilitating human contacts between East and West.

The document contained provisions for reducing bureaucratic obstacles to family visits abroad, tourism and professional travel and the easing of telecommunications and postal links.

However, Mr Michael Novak, the chief US delegate, said yesterday that adoption of the document

would have been potentially dangerous. "If it had been accepted, the repercussions would have gone on for years," he said. "It would be worse to have a document where the loopholes will begin to hurt people."

One of the main US objections was understood to be the absence of any provisions permitting the free emigration of Jews from the Soviet Union to Israel. The liberalisation measures in the final document referred only to human contacts between member states of the Conference on Security and Co-operation in Europe (CSCE), of which the Bern conference was an offshoot.

The split between the US and its allies was made all the more acute by the rejection of a last-minute appeal by Mr Hans-Dietrich Genscher, the West German Foreign Minister, to Mr George Shultz, the US

Continued on Page 28

US to set duty on Japanese chips

BY LOUISE KEHOE IN SAN FRANCISCO

THE US International Trade Commission ruled yesterday that the US semiconductor industry was being injured by the dumping of Japanese 64K dynamic random access memory chips at "below fair prices."

The ruling will trigger the imposition of stiff dumping duties on Japanese imports of the widely used memory chips.

The conclusion of the anti-dumping case, filed a year ago by Micron Technology, a struggling Idaho semiconductor maker, comes as the US and Japan are expected to announce an agreement on their long-running dispute over semiconductor chips.

A final ministerial-level negotiating session is being held in Tokyo today. The meeting is expected to lead to an agreement in principle to settle disputes over Japanese dumping and US access to the \$9bn Japanese chip market.

As part of the agreement, it had been widely rumoured that the US would be willing to waive dumping duties on Japanese memory chips. Japanese 64K D-rams exported to

the US will now be subject to dumping duties ranging from 12 per cent to 35 per cent of their current price.

The US Commerce Department has set dumping duties at 23 per cent for NEC Corporation, 12 per cent for Hitachi, 35 per cent for Oki, 13 per cent for Mitsubishi and 21 per cent for all other Japanese manufacturers.

The dumping duty represents the difference between prices charged by the Japanese companies over a prescribed period and the "fair value" of the devices as determined by the Commerce Department.

The 64K D-ram dumping case is the first of three major semiconductor dumping cases to reach a conclusion. In related cases, the US Administration has charged Japanese chip makers with dumping 256K D-rams, and three US chip makers have filed suit against Japanese companies for alleged dumping of Eproms, another type of memory chip.

In both of these cases, preliminary decisions have been made in favour of the US, and Japanese ex-

porters to the US are currently required to post bonds equivalent to proposed dumping duty.

The anti-dumping suits have, however, already been seen to be largely ineffective in protecting US manufacturers from unfairly priced imports. Japanese companies have been able to sidestep dumping duties by assembling their products in third countries or in the US.

Since Micron Technology filed its anti-dumping suit last year, all but one of the big US chip makers has been forced to withdraw from the D-ram market by dropping prices. The 64K D-rams have also been widely replaced by next generation 256K D-rams.

It is clear that existing dumping rules do not work well in high-tech products like semiconductor chips, the US trade representative, Mr Clayton Yentzer, said last week. In the six to eight months that it takes to reach a decision on such cases, technology has moved on to the next-generation product, Mr Yentzer said.

US-Canada trade row, Page 12

Britain 'to persist' in efforts for Mid-East peace

By Andrew Whitley in Jerusalem

BRITAIN is to persist with its latest efforts to overcome the current deadlock in the Arab-Israeli peace process, Mrs Margaret Thatcher, the UK Prime Minister, said yesterday, at the end of her visit to Israel.

The focus is expected to be on a search for an alternative Palestinian representation to Mr Yasser Arafat's Palestinian Liberation Organisation. Mrs Thatcher said the task was to find more genuine figures "truly representative" of the 850,000 West Bank Palestinians, prepared to negotiate the future of the territory with Israel and Jordan.

Yesterday, Mrs Thatcher repeated calls made earlier during her visit for "some kind of electoral process" on the West Bank to find authentic representatives of the resident Palestinians. The subject is a controversial one in Israel, on the grounds that elections would provoke more violence and would be exploited by the PLO.

In a radio interview, Mrs Thatcher suggested that one approach could be fresh elections to the Jordanian Parliament from the occupied West Bank - a move almost certain to be opposed by Israel.

The British Prime Minister, who on Monday night met eight senior figures from the Israeli-occupied territories, said the proposal for "some kind of a federation" between the West Bank and Jordan was the best way forward, because it was the most widely acceptable solution.

Reaffirming Britain's support for Palestinian self-determination, she nevertheless ruled out the possibility of an independent state as impractical.

Mrs Thatcher told a press conference in Jerusalem that she had been encouraged by what she had heard during her three-day visit to Israel - the first ever by a British Prime Minister in office - "to keep going" in helping restart peace negotiations.

She expressed her deep concern over the dangers resulting from a vacuum in the so-called Middle East "peace process," following King Hussein of Jordan's break with Mr Arafat in February.

Parallel, lower-level efforts are currently being made by the US to bridge the gap between Israel and Egypt over the Tabá border dispute and thus pave the way for better relations between the two countries.

British officials have always made clear that there is no question of Britain replacing the US as the principal mediator, or peacekeeper, in the Middle East.

Editorial comment, Page 26

Lockout threat in Swedish industrial row

BY KEVIN DONE IN STOCKHOLM

PRODUCTION in Sweden's engineering industry, which accounts for almost half the country's exports, might be brought to a halt next week as a result of a threat made by employers yesterday to lock out more than 180,000 engineering workers from midnight on Tuesday.

The lockout, which will hit all engineering companies with more than 10 employees, is the employers' response to the earlier threat by Metall, the powerful engineering workers' union, to call on strike 17,000 of its members at 19 of the country's leading export corporations including Volvo, Saab-Scania, Asea, Ericsson and Alfa-Laval.

The Metall strike is to begin at 11 am on Tuesday, unless efforts by a Government-appointed mediator are successful in averting the conflict.

The dispute is the result of disagreements over interpretation of the national framework settlement reached this year in the private sector by LO, the blue-collar workers' trade union confederation, and SAF, the Swedish employers' federation. That agreement allowed for wage increases totalling some 9 to 10 per cent over the two years 1988 and 1987, as well as a reduction in working hours for shift workers from 39 to 38 hours a week by mid-1988.

It was left to later negotiations to settle details of how the cash element should be divided. The engineering employers now claim that Metall's demands would break the agreed ceiling.

VF, the engineering employers' federation, said yesterday that it had been forced to threaten a lockout because the selective strike action threatened by Metall included key groups that could bring the whole production chain to a rapid halt.

It was feared that a strike at Volvo's engine plant, for instance, would quickly halt all car production, as would a strike at Saab-Scania's components plant for rear axles.

Mr Ake Nordlander, director of VF, said the lockout was a defensive measure and would only come into force some 13 hours after the start of the Metall strike.

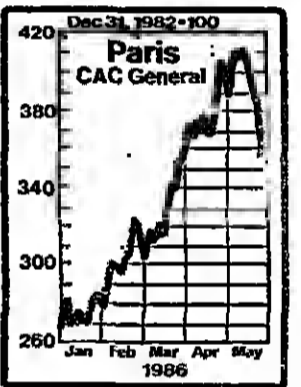
Meanwhile, strikes continued yesterday in Sweden's troubled public sector, where action by local authorities including doctors, dentists and social workers, is causing disruption to the country's health service.

On Monday, the Government appointed a three-man mediation commission to oversee negotiations for all 1.5m public-sector workers, but by yesterday there was still no sign of a settlement in either the health service or the school system.

A series of wildcat strikes by teachers, and sit-ins and protest marches by pupils, have broken out at many schools around Sweden

Continued on Page 28

Stock market report, Page 50



Paris bourse halts decline

By David Housego in Paris

THE PARIS BOURSE managed a partial recovery yesterday from the bruising performance suffered on Monday as domestic institutional and overseas buyers moved back into the market in the hope of picking up stock bargains.

Brokers reported continued selling pressure by small investors unsettled by the 10 per cent drop in stock values during the previous two sessions.

French institutions such as the Caisse des Dépôts - through which the Government funds local authorities - and insurance companies featured strongly during the morning session, which is confined to

large trades in 30 leading stocks.

Trading during the afternoon was extended by an hour to cope with strong foreign demand, although volume was expected to be below Monday's FFf 1.92bn (\$265 m).

Some shares that were suspended on Monday because of large order imbalances returned to trade and quickly lost ground. Dumez, the construction group, fell FFf 230 to FFf 1,290, while Chargeurs, the 28

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Stock market report, Page 50

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EUROPEAN NEWS

De Mita steers democratic course

By James Burton in Rome
ITALY'S Christian Democrats, the country's largest single party, were yesterday digesting the massive speech with which Mr Ciriaco De Mita, their leader, opened the party congress in Rome on Monday evening.

Allies seek solution to Berlin passport row

BY RUPERT CORNWELL IN BONN
THE THREE Western occupying powers in Berlin are in contact with the Soviet Union to seek a formula to end the tensions created by East Germany's insistence that Western diplomats based there carry passports when crossing to West Berlin.

for the worse, speculation that the three might consider breaking diplomatic relations with East Germany was being firmly discounted last night.
Nonetheless, the three are treating the matter seriously. The Allies have no doubt that East Germany is attempting to gain something in status terms, as part of its long-running effort to see Berlin accepted as its capital and to elevate the city's division into an internationally recognised frontier.

Ban on food exports 'will cost Polish farmers \$200m'

BY CHRISTOPHER BOBINSKI IN WARSAW
POLISH hard currency export losses this year resulting from the EEC ban on food from Eastern Europe will reach \$200m (£135m) according to an estimate quoted yesterday by Mr Jerzy Urban, the government spokesman.

EEC damps hopes for Chernobyl compensation

BY QUENTIN PEEL IN BRUSSELS
FARMERS in the EEC hit by the fall out from the Chernobyl nuclear disaster cannot expect to be compensated from Community funds, farm ministers were warned yesterday.

Spain abolishes controversial port labour authority

BY TOM BURNS IN MADRID
The Spanish Government yesterday published a decree law abolishing a controversial port labour authority which controls Spanish ports. The surprise move seems likely to bring the country's costly dock strikes only weeks before the Spanish general election.

Tourist alert as Eta plans summer bomb campaign

BY OUR MADRID CORRESPONDENT
TOURISTS were urged yesterday to be vigilant following reports that Basque separatist guerrillas plan a bombing campaign this summer in Spanish resorts.

Ireland calls in army over dairy strike

By Hugh Carnegie in Dublin
THE IRISH Government yesterday moved troops into milk processing plants around the country to avert a crisis in the dairy industry threatened by a two-week-old strike by government inspectors and technical officers.



Chirac bows to pressure from right on taxes

By David Gledhill in Paris
THE FRENCH Government of Mr Jacques Chirac bowed yesterday to continuing pressure from the right to abolish a tax on banking transactions.

'Tell me where a Head Teacher knows anything about industry.'

In Wales, Head Teachers from all over Wales have just spent between 2 and 4 months working in their local industries. One of them said, "This is the first opportunity I have had to get out and witness for myself what is going on in the industrial world. It's been a breath of fresh air for me."

I want to know about Wales
Name _____ Position _____
Company name _____
Address _____
Tel. _____

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Anglo American Corporation of South Africa, Limited
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited
R. J. Joel Gold Mining Company Limited
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EUROPEAN NEWS

TRANSYLVANIAN MINORITY PROBLEM DIVIDES WARSAW PACT NEIGHBOURS

Tensions rise over Hungarians in Romania

BY LESLIE COLTIT

WHEN a senior Romanian Foreign Ministry official recently accused neighbouring Hungary of propagating the "revision" of their joint frontier, he noted ominously that in Europe "any attempt to change borders means war, world war."

The outburst reflected the growing tensions between the two Warsaw Pact countries over the 1.8m Hungarians who live in Romania. Concentrated largely in the fabled region of Transylvania they add up to one of Eastern Europe's most acute minority problems.

The Romanian officials' anger was directed against an article in a rather obscure Hungarian publication. The author allegedly disputed the legality of the Treaty of Trianon in 1920, under which Transylvania was ceded by Hungary to Romania. With Nazi Germany's support, the Hungarians occupied the region from 1940 to 1945.

In Budapest, a spokesman of the Patriotic Peoples Front denied that any Hungarian politician wanted to revise the country's borders. He noted gravely that it was a fundamental socialist principle that no nation could be free as long as it oppressed anyone. "Remember," he added, "I have not mentioned the name of any country."

Hungarians have long urged their Government to stop "turning the other cheek" and to speak out openly on behalf of the Hungarians

in Romania. At the Budapest Cultural Forum last autumn Hungary abandoned its reticence and voiced concern over the treatment of the ethnic Hungarians.

In retaliation, however, Romania torpedoed the Hungarian draft document which was to have been adopted at the final session.

Hungary charges that its countrymen are being forcibly absorbed into the Romanian majority. The children of ethnic Hungarians, it is said, are deprived of their native language while Hungarian language publications in Romania are being eliminated.

Large numbers of Romanians are said to have been brought into Transylvania to reduce the Hungarian proportion of the population.

Hungarians wanting to visit their relatives in Transylvania report harassment at the border by Romanian officials, who sometimes refuse them entry. Direct bus links between Hungary and Transylvania were severed several years ago.

The Budapest Government has brought up these charges at the highest level with Romania, but Bucharest has replied by accusing Hungary of interfering in its internal affairs.

A visitor to Transylvania can discover evidence for the Hungarian complaints but also signs that Hungarian life in the region is far from being extinguished.

The many Hungarian churches in the city of Cluj are packed on Sundays, in stark contrast to the nearly deserted Romanian Orthodox Cathedral. Resident Hungarians say that religion gives them the strength to persevere.

A Hungarian opera house in Cluj caters to the city's estimated 90,000 Hungarians, a third of the inhabitants. Many of the Hungarians one meets occupy responsible positions

state which, much like the United States, does not recognise foreign languages for official use by its minorities.

By contrast several Hungarian language plaques prominently displayed in Cluj attest to the role Transylvania has played in Hungarian history. One of them marks the building where the Hungarian king, Matyas Corvin, was born in 1440.

Newly graduated ethnic Hungarians are offered jobs "beyond the mountains," in Bucharest, where they are quickly assimilated. A Romanian official, however, suggests that assimilation takes place not because anyone wants it but because of the pressures of industrial society.

Some Romanians in the region, while sympathetic to the lot of the Hungarians, baste to add that Romanians are no better off under the worsening economic conditions. They suggest that sometimes the Hungarians are a bit touchy as the "former masters" in Transylvania. Undoubtedly the higher standard of living in neighbouring Hungary has also embittered the Transylvanian Hungarians.

However, unlike the severe tensions between Albanians and Serbs in Yugoslavia and between Bulgarians and their ethnic Turkish mi-

nority, there are few overt signs of friction between Romanians and Hungarians in Transylvania.

Inter-marriage is frequent, and there is no tradition of hostility between the two groups who have lived together in the fertile region for centuries.

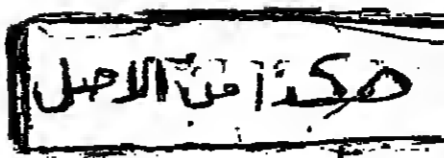
Nationalist emotions instead are being aroused outside Transylvania by historical charges and counter-charges in Romanian and Hungarian publications. Romanian officials point to textbooks in Hungarian schools, which include Transylvania in maps showing Hungary's flora.

Earlier this year the Romanians lashed out at Hungary for permitting a Budapest magazine to state that Transylvania was Hungarian territory which had been ceded to Romania.

They reminded the Hungarian authorities where the "revisionist, fascist, racialist policy" of pre-war Hungary had led.

Officials in Budapest acknowledge that Hungarian-Romanian relations have deteriorated to their worst point since 1945. But for the moment at least they are reluctant to press forward on behalf of the Hungarians in Romania. There is fear of awakening nationalist sentiments which lie just below the surface in Hungary.

'Hungarian life in the region is far from extinguished'



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VIENNA	Vienna	HAMBURG	Hamburg	GENEVE	Geneve	LUXEMBOURG	Luxembourg
BRNO	Brno	DUISBURG	Duisburg	ST. LOUIS	St. Louis	WIEN	Wien

Increased subsidies for W. German farmers agreed

BY QUENTIN PEEL IN BRUSSELS

Officials in Brussels see the moves as a blatantly political gesture by a West German Government concerned about its likely showing in next month's significant election in Lower Saxony, while Bavaria, the heartland of small farmers, votes later in the year.

Mr Gerrit Braks, the Dutch Farm Minister and chairman of the Council, defended yesterday's decision and the German criteria as justified by the higher population density inevitably associated with small farms.

The decision means that West Germany now has more than half its total farm land classified as "less-favoured" — a similar proportion to the UK. The French Government is also seeking reclassification of much of its poorer farmland, with the same intention of providing more national aid.

The German plan is part of a package which also includes DM 450m to help cut social security payments, in addition to the DM 125m for less favoured areas.

Before the change in criteria for the less favoured areas can be implemented, the European Parliament also has to give its opinion, although it does not matter whether it is positive or negative.

INSIGHT INTO CORPORATE STRATEGY

C. ITOH: Shifting to Services and High-Technology

Since its founding in 1858, C. Itoh has become Japan's leading sogo shosha (general trading company) with a fully integrated worldwide network of 180 offices in 87 nations; including 36 in Japan, 502 affiliated companies, and over 10,000 employees located throughout the world. Products and services handled by the company span the full range of human needs and company officials strongly believe they contribute to the improvement of living standards in countries around the globe.

C. Itoh has the largest amount of business in the electronics field of any sogo shosha and the company is now actively pursuing new opportunities in VANs, cable television, database services and software. Capitalised at ¥56 billion (\$329.4 million), C. Itoh handles international transactions worth some ¥14.5 trillion (\$85.3 billion) per year.

President Isao Yonekura talks about future plans while explaining the changing role of Japan's general trading companies. (Note: \$1=¥170)



Mr. Isao Yonekura President C. Itoh & Co., Ltd.

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Davis: Your corporate brochures and other materials refer to "PLAN 88" as your general blueprint for coping with the future. Can you go into detail about its contents?

A Plan For The Future

Yonekura: Yes, we have just entered the beginning stages of PLAN 88, which is a company goal for attaining profits of ¥60 billion (\$352.9 million) by 1988, the last year of the plan. We also hope to have each of our major sales divisions bringing in profits of more than ¥10 billion (\$58.8 million) each within 10 years and our international network operating with transactions of \$100 billion and profits of \$200 million during the same period. During that same timeframe, we will increase the dividends of our 500 subsidiaries and associated companies to ¥50 billion (\$294.1 million).

Of course, not all the contents of PLAN 88 are figures. For example, we must consolidate and streamline the power of our sales divisions within the next three years and we must modify our corporate structure in order to produce a more internationalised company employee. This will be accomplished through rotation and through enforcing the training programme drawn up by our new Training Centre. All in all, within the next ten years we will coordinate our domestic and international activities into a more unified approach to world business.

Davis: Japanese enterprises, including the general trading companies, are becoming more active in raising funds overseas. Could you give some examples of your use of international financial markets?

Yonekura: I can emphatically state that these markets are not new to us. For example, we floated our first convertible bond in the Eurodollar market of \$12.5 million way back in 1964. Up to the present, we have issued bonds worth \$700 million in 15 cases. In 1984 alone, C. Itoh had dealt in \$400 million worth of bond issues by the end of that year.

The merit of going abroad to raise funds as opposed to domestic loans is that costs are lower, application procedures simpler, the financial forms available more diversified and there are few limitations. Raising funds in overseas financial markets is more and more attractive to us because there are still restrictions in the domestic markets and it is not so easy to break away from the habits of the past. Our overall purpose is to keep fund-raising costs low.

Davis: What sort of joint ventures and other forms of international business cooperation is C. Itoh currently carrying on overseas?

Yonekura: Besides investments in 502 subsidiaries and associated companies domestically and overseas, C. Itoh's overseas affiliates have increased steadily, now totalling 180 companies in 38 countries. The most important include C. Itoh America, C. Itoh West Germany, C. Itoh Australia and C. Itoh Hong Kong. Our affiliates were originally concentrated in manufacturing and processing in the Asian and African countries but have recently shifted to mainly electronic concerns in the developed countries. For example, C. Itoh Electronics, Inc., a wholly-owned venture in the United States, imports and exports a wide variety of industrial and electronic products. It is also engaged in R&D, licensing and venture capital investments.

C. Itoh is expanding its profile in new materials and biotechnology as well. In cooperation with Teikoku Sen-i Co., Ltd., we are marketing a whole line of Pyke flame-proof fabrics for the rapidly expanding passenger aircraft market. Demand has been high in Europe and the United States ever since these fabrics were demonstrated at trade fairs in England and the U.S.

In the biotech field, C. Itoh and its subsidiary C. Itoh Data Systems have contracted with the American company IntelliGenetics to market biotech software packages of the latter in the Japanese market.

In the future C. Itoh will gradually shed our old skin as a general trading company and move into our more international role as a globally-integrated enterprise. Within the next ten years, some three-fifths of a total ¥50 billion (\$294.1 million) in dividends will derive from our 250 overseas subsidiaries and associated companies, by then comprising half the number of total companies in the C. Itoh group.

Davis: It seems to me that Japanese trading companies are leading Japan's move into the VAN area. What is your company's plans for using satellite transmission technology in the future?

Electronic Services To The Fore

Yonekura: C. Itoh is very aggressive in this field, ranking first among the sogo shosha in electronics transactions. We have some 3,600 employees in some 20 subsidiaries in Japan and overseas in this field. At present, emphasis is being placed on satellite communications, VANs, cable TV systems, videotex services and Japan's own version of an integrated systems digital network known as the Information Network System (INS). These transactions increased from ¥860 billion (\$5.06 billion) to ¥1 trillion (\$5.88 billion) during fiscal 1985.

As you know, entry of private companies was previously restricted in Japan but after April 1985 this was changed when NTT was privatised. A triangular joint venture called Japan Communications Satellite Planning Company was soon after formed in the private sector, which included C. Itoh (40%), Mitsui & Co., Ltd. (30%), and Hughes Communications Inc. (30%). This company, renamed "Japan Communications Satellite Inc. (JCSAT)" received permission last June to operate a telecommunications business in Japan. For this purpose, we will purchase two communications satellites from Hughes. Since 1983, we have also owned a company in the U.S. called DX Communications which markets receivers for satellite broadcasts.

Davis: Your company is also active in the field usually referred to as "new media" in Japan. Could you explain what this means and how deeply C. Itoh is involved?

Yonekura: New media is a collective term that refers to all the electronic services and businesses that have been recently introduced in the Japanese markets such as videotex, cable TV and the like. In videotex, for example, we are marketing the CAPTAIN system on a nationwide basis. We also established "Nippon Telematique", capitalised at ¥300 million (\$1.76 million), with NTT in March 1985.

Although cable TV systems have been a feature in the United States and other advanced

nations for years, they are just getting started in the Japanese market. We have already made concrete investments in three cable TV companies in Japan: Bunkyo Cable Network Inc. (2%), Chiyoda Chuo Cable Network (10%) and Akasaka Cable City (10%). Plans are in the making for investment in four other networks soon.

Another service just getting off the ground in Japan is database services accessible from personal computers as well as office computers. We are involved in three such services: as the Japan agent for Dow Jones economic database, a product/overseas information retrieval service and our own TOPS for information on managerial processing.

Davis: Japanese trading companies, in attempting to widen their worldwide operations, are getting more interested in China. What of C. Itoh's plans in this market?

Yonekura: The China market is loosening and opening, propelled by that country's four modernisations. During fiscal 1985, C. Itoh opened two new representative offices in China, one in Shenzhen and the other in Chengdu. That brings our total number of bases in China to eight. We believe these two new offices will enhance our chances of becoming more involved in China's industrial and agricultural reform movements.

Sino-Japanese trade expanded 19 times between 1972 and 1985, from \$1 billion to \$19 billion. C. Itoh's China trade followed this same pattern, ballooning from a mere \$120 million in 1972 to over \$2 billion in 1985. This gave us more than a 10% share of Japan's entire trade with China.

Davis: And what of the future? Do you think that the role of Japanese trading companies is changing?

Yonekura: Yes, I believe that Japanese general trading companies will shift from moving hardware items, as in the past, to trading in software and the services. Our current emphasis on electronic services is ample proof that we are already moving in this direction. One of our most important roles, of course, is the importation of products. Historically this has meant largely the import of foodstuffs, raw materials and others. However, we believe that our future role in this area will be in bringing in more processed and manufactured goods from abroad, thus greatly enhancing the value-added factor of imports.

In the immediate future, we are well positioned to benefit from improving world trade. In the longer term, I believe that the dedication of our employees to attaining our stated goals, improving internal efficiency and entering promising new international ventures all bode well for an even brighter future.

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EUROPEAN NEWS

Danish budget set to show surplus

By Hilary Barnes in Copenhagen

THE Danish budget will show a surplus of Kr 300m (£23.8m) this year, the first surplus for 12 years, according to the Finance Ministry.

In 1983 the deficit peaked at 10.5 per cent of gross domestic product. Stabilisation of expenditure, increases in taxes and higher revenues generated by rising production and employment have produced a dramatic improvement, unparalleled by any other country in the Organisation for Economic Co-operation and Development (OECD).

In January, the Government still expected a deficit this year of about Kr 14.5bn, but increases in energy taxes and other indirect taxes in April are now expected to eliminate the deficit.

Consumer prices increased by 2.5 per cent from March to April, following increases in energy and other taxes in April. The increase in prices over 12 months was 4 per cent, compared with an increase over the 12 months to March of 1.7 per cent.

Dutch Liberal leader to go

THE Dutch Liberal party, junior partner in the ruling centre-right coalition, has decided to replace its young leader Mr Ed Nijpels after losing a quarter of its parliamentary seats in last week's elections. Reuter reports from The Hague.

Party chairman Mr Jan Kamminga said Mr Nijpels would make way for a new parliamentary chief when negotiations on renewing the ruling alliance with the Christian Democrats of Prime Minister Ruud Lubbers were complete.

Andriana Ierodionou reports on divisions within the trade unions
Split threatens Greek solidarity

IF IT IS true that workers united will never be defeated, then the Greek trade union movement's chances for victory these days are slim. For the past six months the spectre of a permanent split has threatened the General Confederation of Greek Workers' (GSEE), the country's trade union congress.

The crisis was sparked off last October when the Socialist Government unveiled an economic austerity programme designed to tackle Greece's inflation and balance of payments problems. Among other measures, the system of wage indexation introduced by the Socialists when they first came to power in 1981 was to be truncated.

A special law was passed, making compulsory the new incomes policy banning any wage increases beyond the new limited compensation for inflation in both private and public sectors.

The Socialist's surprise departure from the policies of economic largesse of their first four years in office caught trade unions completely off balance.

The blow was most bitter for unions affiliated to the Socialist Party (Pasok), which have held the majority of seats in the 45-member GSEE general council since 1983. Socialist trade unionists had neither been consulted on the austerity measures nor even given an inkling that they were coming.

The socialist labour unions and their representatives in the GSEE leadership promptly split into two hostile camps—one determined to fight the Government's economic u-turn with strike action, the other equally determined to remain loyal to the administration.

The militants, dissident socialists backed by trade unionists affiliated to the Euro-communist and Moscow-line Communist opposition parties, commanded the majority of 26 seats in the GSEE council. Mr George Raftopoulos,

GSEE's Socialist President and a staunch member of the loyalist camp, found himself in the exposed position of leading a minority in support of economic measures which aimed to reduce real incomes in 1986.

Perceiving the loyalists' hold on the Congress to be threatened, the Government stepped in. Dissenting trade unionists in the Pasok ranks and many top ranking socialist labour cadres were expelled without ceremony from the party. A vote by the militant majority in the GSEE council against the Raftopoulos presidency was neutralised by the courts, to which trade union federations loyal to the Government had sought recourse over the leadership crisis.

In an alarmed letter to Dr Andreas Papandreu, the Greek Prime Minister, the European Trade Union Confederation (Etuc), of which GSEE is a member, noted that the court action overturned the decisions of the legally elected GSEE organs and characterised Pasok's intervention in the trade union crisis as both direct and obvious.

Beyond the immediate problems it created, the GSEE crisis served to underscore the slowness of reforms to which the Socialists were committed when they came to power, to liberalise Greece's trade union system and abolish state control over its finances.

Despite a landmark bill passed in 1982 setting the framework for change, union financing still largely comes from compulsory dues paid by workers and employers, which are channelled through a special funding body controlled by the Ministry of Labour.

The Government's defenders cite the 1982 law, which replaced legislation enacted under the previous conservative Administration, as proof that the Socialists' heart is in the right place. The law guarantees workers' rights to organise



Papandreu: austerity policy splits unions

trade union activities in their place of employment, protects against dismissals for trade union activity and bans lock-outs by employers.

Critics say, however, that the developments of the past six months have given the lie to the Government's claim of solidarity with the trade union movement and seriously set back the process of reform.

"The Greek trade union movement should by rights have been going through its renaissance today. Instead it seems to be stuck in the middle ages," one observer said.

The actual GSEE crisis has for the moment reached an uneasy stalemate. The Raftopoulos presidency still formally controls the congress, which now, however, effectively represents only the loyalists. All other trade unionists, including the dissident Socialists (who have now set up their own trade union organisation) the Communists and the conservatives boycotted an emergency national GSEE conference held at the beginning of April in the hope of defusing the crisis.

Of 618 registered delegates, only 289 took part and the vote for a new council which the organisers grimly insisted on

holding on the last day was thereby rendered meaningless.

The militants, for their part, have been able to use their influence over the labour movement, which extends to a number of important public sector services such as the Electricity Board and the Telecommunications Authority, to stage a series of successful nationwide 24-hour strikes.

On the other hand, they have not generated, as some had expected, a make-or-break confrontation with the Government. "One has to remember that only about one out of three Greek workers is unionised," one observer said. "The economy is still dominated by family farming and small businesses of a handful of employees, again often relatives. This isn't the stuff of a big industrial strike."

The one encouraging factor is that the split in the GSEE's ranks has not yet hardened into an official and permanent division, though many feel the Greek trade union movement is on the brink of that.

Following the disaster of the April emergency GSEE conference, the Raftopoulos presidency invited all other trade union party political groupings to a new meeting to discuss the crisis. The militants have insisted however on a conference on their terms to elect a representative leadership.

Whatever the next development, it appears very likely that strikes will continue to be a feature of Greek life in the months to come. Trade unions and the political parties they represent will be operating with an eye to next October's municipal elections, the country's first vote since the October 1985 economic austerity measures.

Leading government economists insist that the austerity programme will be implemented, come what may. In the October elections the Socialists can probably count on militant trade unions to put this willpower to the test.

Rheinmetall men fined for illegal arms exports

By Rupert Cornwell in Bonn

FOUR past and present executives of the Rheinmetall arms and engineering concern were sentenced in Dueseldorf yesterday to suspended prison terms of up to two years and fines ranging up to DM 25,000 (£7,270) for illegally arranging the exports of West German arms to Saudi Arabia, Argentina and South Africa.

The trial, which began in mid-January, has been a test case of just how seriously the country is prepared to enforce the strict rules governing sales of sensitive arms. The offences were committed between 1977 and 1980, but it was only in 1983 after painstaking investigations that the case's prosecutors finally levelled charges.

The mechanism used by the four was the familiar one of the murky world of international arms trading: doctored "end use" papers, whereby the final destination of the equipment in question is concealed, with the help of compliant middlemen in a third country.

For the deals, phoney export contracts with companies in Italy, Paraguay and Spain were employed. The executives of Rheinmetall routed deliveries of machine guns and parts to Saudi Arabia via Italy and Spain. Argentina received anti-aircraft equipment and tanks under a contract nominally taken out with a Spanish company. South Africa obtained a munitions plane through Paraguay.

In this last instance, the presiding judge declared that the illegal exports, in 1978, had "considerably interfered" with Bonn's foreign policy aims.

In the case of Saudi Arabia, always a particularly sensitive arms destination given Germany's fraught historical ties with neighbouring Israel, the convicted Rheinmetall executives had been fully aware that proper authorisation from Bonn should have been secured, despite the devious routing of the exports, the judge said.

Carrington hits at bickering in Nato alliance

NATO Secretary General Lord Carrington warned yesterday that transatlantic bickering between the US and some of its European allies could damage the North Atlantic Treaty Organisation's strength and cohesion.

Lord Carrington also called for greater political consultation among the 16 allies over action outside Nato's traditional area of activity, such as the April 15 US air strike against Libya.

In a speech prepared for delivery in Montreal two days before a Nato foreign ministers' meeting and released by the office here, he said the concert of those attending the gathering in Halifax, Canada, would be to maintain the strength and cohesion of the Alliance.

"This," he said, "would be affected if some people in the US and some in Western Europe continue to indulge in what I might call megaphone cartoonery—Eurowimps in one set of papers and American cowboys in the other."

The word Eurowimp is a derisive term applied by US hardliners to describe those European allies who were criticised at the Libyan attack and other controversial aspects of US policy.

Lord Carrington intentionally echoed his own phrase "megaphone diplomacy" which he coined in April 1985 to describe his own negotiating objectives a full year ago.

by East and West instead of effective dialogue.

Lord Carrington said the US strike on Libya had been clearly an "out-of-area" action that did not involve the Nato Alliance.

But he implied the Alliance would suffer if there was not more active political consultation among the allies about "out-of-area" crises.

"The ability of the Alliance to do effectively what it has to do in the area could be affected by the response—or lack of response—on the part of individual allies to what is happening outside," he said.

"There is no doubt that the Alliance suffers when it is seen to fail to do what is asked of it. If governments cannot agree in the name of the Alliance, it is unlikely that anyone else will," Lord Carrington said.

In other comments, he said the US and the Alliance should not be seen to disagree over a common defence spending by some Nato member states.

"I would be less than honest if I didn't say that I was worried by some of the signs that I see on both sides of the Atlantic," he said.

Western democracies often failed to broadcast the right signal to the Soviet Union, "not least because of the pressure to save a half of the Alliance budget here and there," he said.

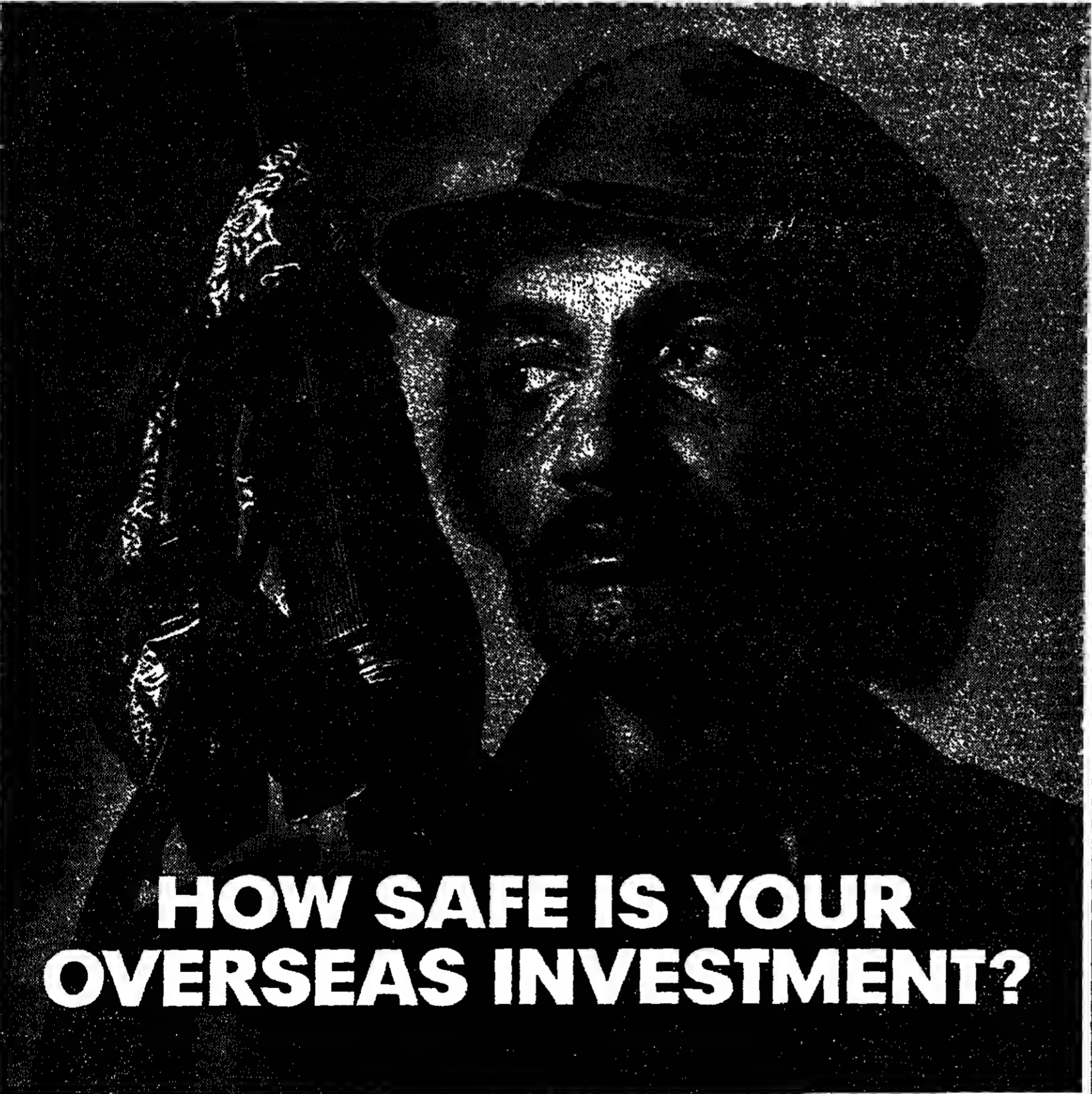
Tass journalist defects

A SOVIET journalist at the official news agency Tass has defected with his wife and two children while on assignment in Finland by crossing into neighbouring Sweden, emigre sources said yesterday. Reuter reports from Stockholm.

The Centre for Aid for Estonian Prisoners of Conscience said Mr Raito Ojasar, 50, who had been working in the Tass bureau in Helsinki for the past five years, was probably staying with friends or relatives in Sweden.

Mr Ojasar was born in the capital of Estonia which was incorporated into the Soviet Union in 1940. Emigre have reported a wave of purges in Estonia since the Khrushchev order to crack down on dissidents in August 1958.

A wave which threatened to bring down Khrushchev's ruling coalition was defused yesterday after the member party backed out of a confrontation with Prime Minister Nikolai Shvergel's over scrapping nuclear testing.



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OVERSEAS NEWS

Thailand Premier sacks army commander

THAILAND'S civilian prime minister yesterday dismissed the commander of the politically powerful army, sparking rumours of an imminent coup. Reuter reports from Bangkok.

But Gen Arthit Kamlang, 61, defused tension when he said he accepted the order and pledged loyalty to King Bhumibol Adulyadej.

No official reason was given for his dismissal by Mr Prem Tinsulanonda, the Prime Minister. But diplomats said it was one of the most daring acts ever taken by a civilian prime minister against an army commander.

Gen Arthit's acquiescence followed a meeting with his successor, Gen Chuanrichit Yimgchaisut, 54. Gen Chuanrichit bowed deeply in a traditional expression of respect and a smiling Gen Arthit later told reporters "No problem. We'll be working together."

Coup rumours had swept Bangkok after Mr Prem's office announced the dismissal and armed units moved through the capital. But army officers described their appearance as a routine movement.

The officers and diplomats said everything appeared normal following Mr Prem's shakeup, which also involved Mr Chuanrichit Saengthaveep, an Arthit confidant who was deputy army commander. He was shuffled off to an inactive post.

Foreign diplomats said they believed the prime minister acted on evidence that Gen Arthit was linked in an alleged conspiracy of big business and political interests that brought down Mr Prem's four-party government when a revolt in a parliamentary vote on May 1.

They said Mr Prem and army loyalists — estimated to make up 70 per cent of the officer corps — also were concerned that the alleged conspiracy threatened to subvert general elections on July 27.

They traced the break between Mr Prem and Gen Arthit to 1982 when the general and parts of the military tried to amend the constitution to give the appointed, military-backed Senate lawmaking roles equal to the elected lower house.

Steven B. Butler analyses relations between Government and the 'two Kims' of the opposition

Campus violence spurs S. Korean reform process

THE RISE of violence and extremism on South Korea's university campuses has injected a new sense of urgency into the country's domestic political debate. At the same time it has obscured a gradual, but far more important transformation among Korea's main political players—the Government and the moderate opposition.

To almost everyone's surprise, after just a few months of street rallies and mass campaigning for a direct election of the president, South Korea's moderate opposition present an important concession out of the Government of President Chun Doo-hwan. Mr Chun says he will no longer stand in the way of early amendment to the constitution.

Paradoxically, Mr Chun's concession may have benefited the Government more than the opposition. It has helped the Government regain political initiative after months of floundering. In June, Korea's ruling and opposition parties are expected to start talks over changing the constitution, with the ruling party apparently given a wide, flexible brief.

With this show of flexibility, the Government has thrown the bill squarely back into the opposition's court, and attention has inevitably focused on the "two Kims"—Mr Kim Dae-jung and Mr Kim Young-sam—the undisputed leaders of the opposition.

It was the alliance between these two former arch rivals, welded together two years ago, that has made possible the broad coalition of opposition forces that so successfully challenged the Government. Yet strong doubts persist over whether this alliance can continue to hold when the opposition begins not just confronting the Government, but dealing with it.

Speaking in his home in southern Seoul recently, Mr Kim Young-sam expressed what bordered on jubilation at the opposition's ability to muster popular support against the Government.

"If the Government does not revise the constitution," he says, "they will be unable to govern the nation."

Mr Kim was under extended house arrest earlier in the decade, and was released from a political blacklist only a year ago. He was always considered

South Korea's two moderate socialist parties announced yesterday that they were merging into a single party, called the Socialist Democratic Party, AP writes from Seoul. They are the only socialist groups allowed to

operate.

The two merging groups were the Socialist Democratic Party, headed by Mr Kim Chul, and the New Socialist Party, led by Mr Kwun Dae-uk. Neither party has seats in the National Assembly.

a second fiddle to Mr Kim Dae-jung. Kim Young-sam lacked the charisma and dynamism of his rival.

Yet in the last three months Mr Kim Young-sam has emerged as a powerful speaker in a series of huge opposition rallies. A hectic daily schedule of political meetings and speaking engagements, Mr Kim says, has given him a sense of euphoria.

In public and private, Mr Kim has grown visibly more self-confident and outspoken. His smiling face adorns magazine covers, and his control over the opposition New Korea Democratic Party is fast being consolidated.

Kim Dae-jung, by contrast, has become more isolated, withdrawn and pessimistic — a strange turn of events for a man with an ego and per-

sonal magnetism unmatched by any Korean politician. Kim Young-sam may have power on the podium, but Kim Dae-jung offers vision and inspiration, and that is precisely why the Government sees him as its single greatest political threat.

The Government has pushed Kim Dae-jung into a box, sometimes literally. Police forcibly confine him at home to prevent him from speaking in public. The Government refuses to lift a suspended sentence for sedition.

Years of Government propaganda painted Kim as an incorrigible radical, and this has become a heavy burden as he continues to try to convince the public, through a heavily controlled media, that all he wants is democracy.

He admits, though, that he is stubborn and inflexible. He believes a direct election of the Korean people is the only system simple enough to prevent the Government from heavily manipulating the outcome, and he will push the Government to the wall before making piecemeal concessions. Many Koreans see more than a hint of self-interest in this position — a direct election system would heavily favour a man with Kim's electrifying oratorical skills.

Kim Young-sam, on the other hand, fits closer to the mould of a classic parliamentarian — a builder of coalitions who will compromise with reality.

Many businessmen say they would be happy to see Kim Young-sam become president or prime minister if it would solve Korea's political disputes — and allow them to get on with making money. But they fear Kim Dae-jung would launch a campaign of revenge for the years he has suffered at the hands of the Government.

"Direct election of the president is the platform of our party, and I support it," says Kim Young-sam. "The Government has not proposed anything

yet."

Kim Young-sam evidently sees the direct election system as a bargaining position. This has increased speculation that the president's party will offer a grand compromise to institute a Cabinet system of Government, and that eventually the main opposition party will accept the offer.

It is a deal, however, clearly designed to cut out and further isolate Kim Dae-jung, and would risk splitting the opposition forces. It is fear of this, in part, that has recently prompted a series of attacks by radical students against the main opposition party.

Students have become frustrated with the pace of reform and disillusioned with a party that wants merely democracy, without social revolution. Their wrath has also fallen increasingly on the US, which they see responsible for Korea's domestic political troubles.

Few observers believe any agreement between the opposition and ruling parties will mollify the students, and scattered violence seems certain to persist. The question is whether it will spread.

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Britons detained after raid on Harare

SEVEN BRITONS have been detained by Zimbabwe police for questioning following last week's South African raids on African National Congress targets in Harare, the British High Commission confirmed in Harare yesterday, AP reports.

Those being held, according to a high commission spokesman who requested anonymity, are: Mr Callum Anderson, Mr Steven Harrison, Mr Roy Lewis, Mr Alan Parritt, Mr Derek Straw, Mr Brian Wilkinson and Mr Richard Woodcroft.

A spokesman acting for the men said they had been detained "for questioning in connection with the raid." The lawyers declined to be named and gave no further details.

Kninock to change UK immigration law

Mr Neil Kninock, the leader of the British opposition, said yesterday his Labour Party would change Britain's immigration laws if it came to power, Reuter reports from Delhi.

Mr Kninock, who started a nine-day tour of India on Sunday, told a seminar in New Delhi the party was committed to repealing the 1971 and 1981 Nationality and Immigration Acts, and introducing a non-discriminatory and non-racial immigration law.

Iranian Revolutionary Guards wiped out an Iraqi battalion in a surprise attack on northern Iraq, Reuter reports.

Last night, Tehran Radio said yesterday, Iranian Revolutionary Guards have called upon to fight Iranian forces including Kurds of Iranian origin. The common objective of both sets of Kurds is the establishment of an independent republic in Kurdistan which straddles both sides of the front.

Kurdish assistance appears to have paid off for the Iraqis. In recent weeks, Iraq has claimed the recapture of mountain peaks in the Chawarta area close to Sulaimaniyah. Western military experts attribute this success to large payments made to local tribes for the capture of individual peaks. The going rate for a mountain is said to be 500,000 dinars (£15m) at the official exchange rate.

World oil demand has been rising faster than expected and the Organisation of Petroleum Exporting Countries (Opec) may boost its output, Reuter reports from Jakarta.

Mr Subroto, the Indonesian Oil Minister, said yesterday, Reuter reports.

Expatriates to leave Kuwait will lose 30,000 jobs in the next few months, because of shrinking revenues, the Arab Times said yesterday, Reuter reports from Kuwait. Jordanians, Egyptians and Asians will be among those hit hardest, the daily said, quoting unidentified sources. They include teachers, engineers, drivers and clerks.

Japan's overseas assets increased 74% last year

BY CARLA RAPOPORT IN TOKYO

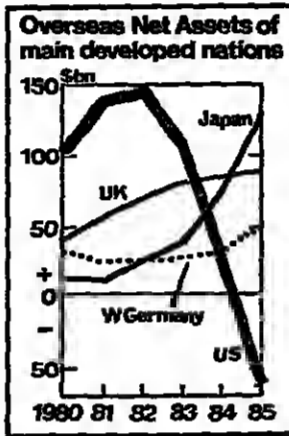
JAPAN'S NET overseas assets soared to \$129.5bn last year, an increase of 74 per cent over 1984.

According to figures released by the Ministry of Finance (MoF) yesterday, Japan's public and private assets in excess of liabilities abroad last year amount to more than \$1,000 per person. The MoF estimated that Britain's net external assets last year were \$90bn and West Germany's at \$50bn. The US had net liabilities of about \$60bn.

The huge increase, according to the MoF, was thanks to Japan's large trade surplus last year of nearly \$50bn.

The ministry's statistics show that Japan's total overseas assets last year grew by 28.3 per cent in 1985 to \$437.7bn, with a third of the total accounted for by stock and bond investments primarily in the US. Japanese investors have long been attracted to US dollar investments because of the higher interest rates on offer in the US. This flow of funds from Japan to the US has been maintained in the current year. In March, for example, net foreign bond investments by Japanese residents jumped to \$8.5bn, from around \$6bn in February.

In terms of gross external assets, Japan still trails the US and Britain, which had \$914bn and \$712bn at the end of 1984.



KURDISH COMMUNITIES STRADDLE WAR FRONT

Iraqis hold tribal chief for not fighting Iran

BY KATHY EVANS IN BAGHDAD

IRAQ SAYS it has arrested a Kurdish tribal leader for failing to do his national duty to fight Iran, military and political officials have confirmed.

The arrest took place in the mountain village of Mangesh in northern Iraq, a Kurdish area just 50 km from Iraq's strategic oil pipeline to Turkey.

Mr Jafer Barzafi was identified as the local sheikh and tribal leader of 500 people in Mangesh. He reportedly refused to fight in the counter-offensive launched by Iraq in the eastern areas of Iraqi Kurdistan. Both Iran and Iraq have made use of their Kurdish communities in this area of the frontlines.

Last week, the leader of the pro-Iranian Kurds, Mr Masoud Barzani, claimed that following battles with the Iraqi army, his forces of the Kurdish Democratic Party killed 200 Iraqis and captured 700. In a statement issued in Damascus and later broadcast from Tehran, Mr Barzani, son of the late

Mustapha Barzani, said his forces controlled some 10,000 sq km of Iraqi territory in the north.

However, when foreign journalists were flown into the Mangesh area over the weekend, Iraqi forces appeared to be in control of this remote and mountainous region. Local army commander, Brigadier Mohammed Taha said that although his troops were not in every village, his forces controlled the roads. A detachment of the Iraqi Army had been installed in Mangesh though.

Brig Mohammed Taha said there was not one inch of Iraqi territory under the control of Barzani forces. However, Western military experts in Baghdad say a significant portion of territory close to the Turkish border is in the hands of Kurdish Democratic Party forces.

Although remote, this area is highly important for Iraq, for close by lies the main crude oil pipeline to Turkey, through which the bulk of Iraq's 1.4m b/d of oil exports passes. Iraq is also planning to double capacity on the pipeline through Turkey within the next 18 months.



Yet Baghdad's relations with the Kurds are at a delicate stage as the armed forces look for Kurdish assistance to counter Iranian offensives. There are some 3.5m Kurds in Iraq, or 18 per cent of the total population. In the latest offensives, Iraqi Kurds have called upon to fight Iranian forces including Kurds of Iranian origin. The common objective of both sets of Kurds is the establishment of an independent republic in Kurdistan which straddles both sides of the front.

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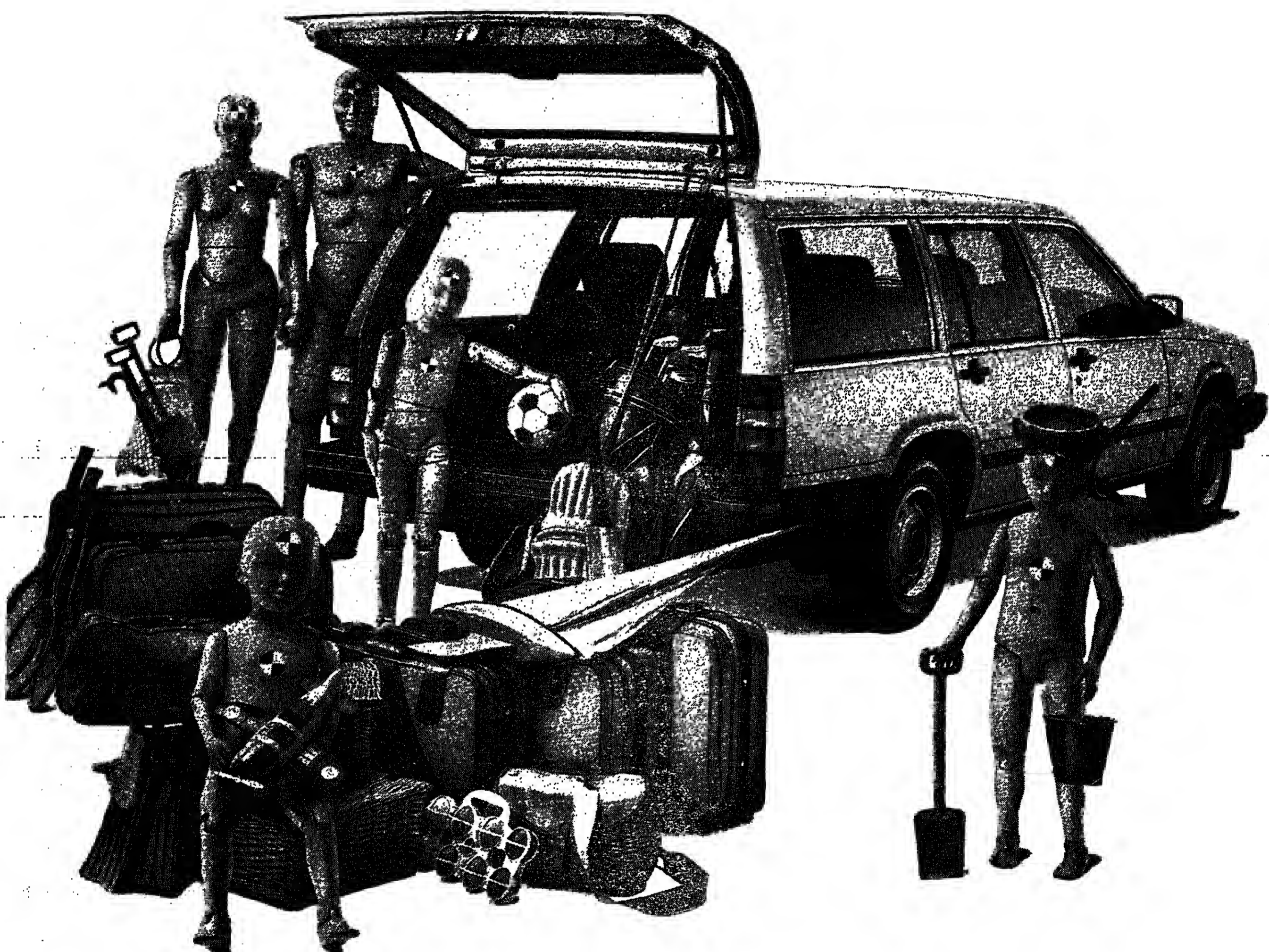
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AMERICAN NEWS

Bethlehem proposes wage cuts package

By Terry Dodsworth in New York

BETHLEHEM STEEL, the third largest US steel manufacturer, is proposing average wage and benefit cuts of around \$2 (\$1.32) an hour in a new three-year contract which should be put to its 30,000 manual employees within the next few days.

Peter Montagnon reports on growing fears over failure to agree a new IMF package
Fresh round of jitters over Mexico's foreign debt

ONE WAY or another the long silence that has surrounded Mexico's relations with the International Monetary Fund may soon be broken.

Both Mr Jesus Silva Herzog, Finance Minister, and Mr Miguel Mancera, central bank president, have spoken of an impending denouement in talks with the IMF about a new economic programme designed to unleash further help for Mexico in dealing with its \$97bn (\$24bn) foreign debt.

Mr Mancera told bankers in Phoenix, Arizona, earlier this month that Mexico would have a new IMF agreement within a matter of weeks. Mr Silva Herzog was more circumspect.

He said Mexico would know shortly whether it could reach an agreement but did not discount the possibility of the talks breaking down. Mexico's failure to reach an IMF agreement over several months of negotiation goes back to more than just the turmoil caused by the plunge in oil prices, expected to cost the country \$8bn this year.

At the core of the IMF disreput, Mexico wants to hold the deficit to around 9 1/2 per cent, the same proportion of GDP as last year, although a contracting economy means that this would still be a cut in real terms.

Beyond that Mexico is facing pressure from creditors to 'open up its economy,' which means liberalising its rules on direct foreign investment, selling off state enterprises, sweeping away trade barriers, lifting the heavy hand of government from business and promoting a more dynamic entrepreneurial environment.

President Miguel de la Madrid has announced plans to join Gatt, embarked on a programme of privatisation and closed the heavily loss-making concessions is the question of the appropriate size of Mexico's government budget deficit. The IMF wants the deficit held to just 5 per cent of gross domestic product despite the fall in the price of oil which yields nearly half the government's fiscal fundidora.

Yet even senior bankers, who argue most keenly that such reforms are vital if Mexico is to stem capital flight and cope



Herzog... mounting difficulties.

with its debt in the longer term, acknowledge that the consequence of change would be to weaken the pervasive grip of the ruling party, the Party of Institutional Revolution on which the country's social stability has depended for decades.

place in top government circles in the run-up to the 1988 presidential elections, that is enough to explain the dithering of the de la Madrid government on the IMF issue. Paradoxically the short term prospects are not all bleak. Helped by the US aversion for travel to Europe in the wake of President Ronald Reagan's strike on Tripoli, tourism is booming.

plunged to just \$10 per barrel have now recovered to around \$15. Mexico's finances should also be helped by a \$600m trade development loan expected from the World Bank next month and by a one-off \$475m saving on debt services as interest margins are cut retrospectively on the multi-year rescheduling package from commercial banks agreed last year.

The IMF will not comment on the state of its talks with Mexico, but bankers say they detect signs of a shift towards a compromise in recent weeks. Even then, however, Mexico will still have to negotiate some large fresh loans from its bankers.

Mr Silva Herzog has said it will seek \$2.5bn. He also wants to save a further \$1bn in debt service through the launch of new instruments whose value would be linked to the oil price. Bank for their part are in no mood to bow to Mexico's call for the burden of the oil price fall to be shared by the country's creditors as well as its people.

Oil prices, which at one stage

One solution for President de la Madrid might be to launch a major initiative for economic revival, a Plan Arceca, modelled on the lines of programmes already undertaken by Brazil and Argentina, but time is now pressing. So far this year Mexico has survived largely by dint of a fierce squeeze on the private sector which has been forced by high interest rates at home to repatriate around \$1bn of capital from abroad.

This process cannot last indefinitely, however, and internal savings have meanwhile collapsed, provoking fears that the government may not be able to find its peso-denominated domestic debt. Interest payments on the debt absorb 5 per cent of GDP compared with an estimated 4.5 per cent devoted to interest on foreign debt.

Sooner rather than later President de la Madrid will therefore have to decide which way to jump. It is a choice which could have profound implications for other countries in the region struggling under a mountain of debt at what are still sharply positive real rates of interest.

Four years after it first ran out of foreign exchange in 1982, Mexico is once again the flash-point of Latin America's debt problem.

Argentina forces banks to lift secrecy

By Tim Cowie in Buenos Aires

ARGENTINA is to force banks to pass information to the tax authorities on customers' savings and current accounts in an effort to reduce tax evasion and ease the country's fiscal deficit.

Mr Marcelo de Cortis, the director general of Argentina's tax authorities, called for public co-operation with the measures. He must change the prevailing mentality that considers the tax evader smart and the person who pays tax a fool.

The banks will now have to report monthly to the tax authorities on all accounts which have more than 15,000 per month paid into them (\$5,145) and annually on accounts which have more than 30,000 paid in per year.

According to Mr Mario Broderick, the Argentine Finance Minister, the level of bank secrecy that has prevailed until now has resulted in more than a half of the 2.7m people registered in the tax system not paying any tax. Mr Broderick described the changes in the tax laws as "the most important in the past 30 years."

The tax authorities are especially targeting some 20,000 to 30,000 "saver" accounts whose holders are making enormous profits in the Buenos Aires money market.

In lifting the veil over bank secrecy, the Government has also considered growing labour unrest.

Opposition strong in Barbados poll

THE incumbent Barbados Labour Party, which formed the Eastern Caribbean Island's government for the past decade, faces a stiff challenge from the opposition Democratic Labour Party in a general election today. Current Prime Minister Lloyd Erskine Sandhu has given an edge to the opposition party led by Mr Errol Barrow, a former prime minister, with the ruling party led by Mr Bernard St John, the Prime Minister, in close second.

Space station deal eludes US and Europe

BY PETER MARSH

WESTERN EUROPE and the US are continuing to disagree on the role to be played by European nations in the \$12bn (\$7.9bn) international space station planned for the 1990s.

A meeting in Washington last week between the 11-nation European Space Agency (ESA) and the US National Aeronautics and Space Administration (Nasa) failed to make progress on the jobs to be earmarked for European scientists on board the base, the development of which is due to start next year.

Both sides agree that Europe should provide a laboratory called Columbus to be fixed in orbit to the US core of the orbiting outpost. Columbus would be one of four pressurised modules containing scientific equipment together with living accommodation for up to eight people.

Nasa wants Columbus to concentrate on biology experiments, such as assessments of the way weightlessness influences the growth of animals and plants, but Esa officials insist that the scope for Columbus should be wider.

They want the European laboratory to include equipment to investigate the production of new materials in low gravity, the area of space experiments which promise the biggest commercial payoffs in the coming decades.

As a result of the disagreement, Nasa and the European agency still have to sign a document formally committing them to the design stage of the space station venture. The document should have been signed on March 10. A Nasa official said yesterday that last week's meeting led to "a useful exchange of views"

and that the continuing lack of progress on the role for Columbus "was not totally unexpected." Both sides say they hope the differences can be overcome in further meetings over the next few weeks.

According to Nasa's plans for the space station, the US would provide two of the four pressurised modules, one to be used as living quarters and the other for materials processing experiments. Nasa has already concluded an agreement with Japan under which Japan would build a third module, for experiments in general science and technology such as basic investigations in physics and chemistry.

Canada, the final international participant in the space station, is due to provide robot equipment that could be used to maintain parts of the station and to repair

satellites that dock with the celestial base.

The US expects to spend about \$8bn on the extraterrestrial outpost, with the other nations putting up some \$4bn between them. According to Nasa's plans, the base should be operational by 1994.

Much will depend, however, on the degree of enthusiasm in Congress in voting the cash to build the station. Congress is due to decide in the next few weeks on Nasa's request for \$410m for the year beginning in October which would enable the development to start late in 1987.

Another factor is how quickly Nasa can restart flights with its currently grounded fleet of space shuttles, which would be essential both in building the station and in supplying it when operational.

US urges banks to speed up loan preparations

BY WILLIAM DUFFORCE IN LUGANO

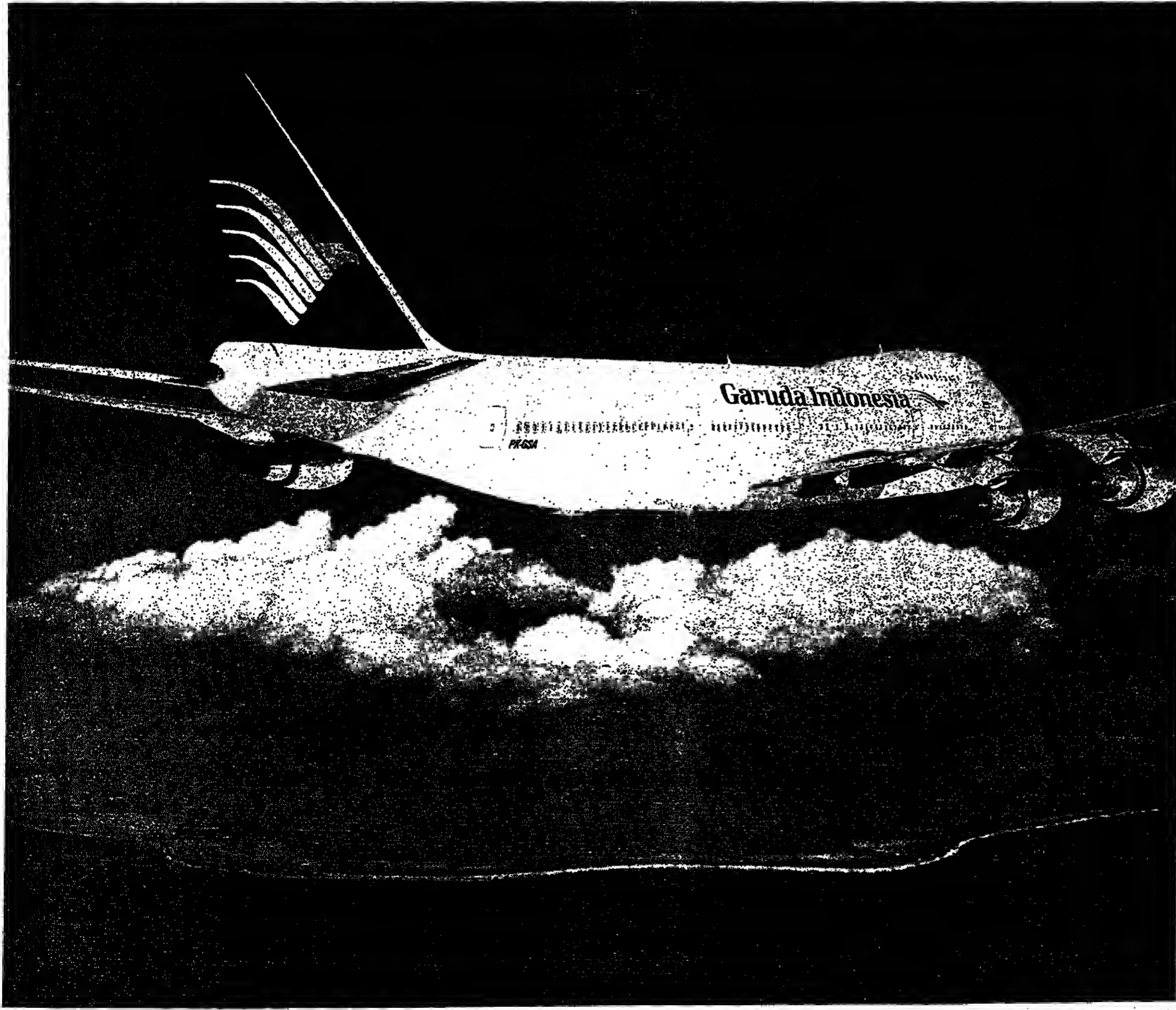
A SENIOR US Treasury official yesterday called on commercial banks to speed up preparations for new lending to heavily indebted countries and urged debtor nations to open the way for debt to be shifted to equity.

The commercial banks had not done enough to ensure that they will be ready to lend when the time comes, Mr Thomas Berger, deputy assistant secretary for international monetary affairs, told the Lugano international banking symposium.

Plans for additional lending had not been agreed within current lending syndicates and differences between the larger and smaller banks had not been resolved, Mr Berger said. The US Administration would not support efforts by the banks to obtain government guarantees for new lending or to

secure preferred creditor status with international development banks, he warned. He proposed greater co-ordination among the commercial banks. The US Treasury was frequently told that smaller banks "wanted out." They should be able to count on the willingness of the big banks heading advisory groups to keep them informed.

Mr Berger said more progress to resolve the debt problem could be made through greater use of debt/equity swaps, involving the exchange of an outstanding loan for an equity interest in the debtor nation involved.



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Opposition strong
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WORLD TRADE NEWS

EEC shifts stance to back trade in services pact

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Economic Community has abandoned its initial doubts and become a firm proponent of negotiating an international agreement on trade in services...

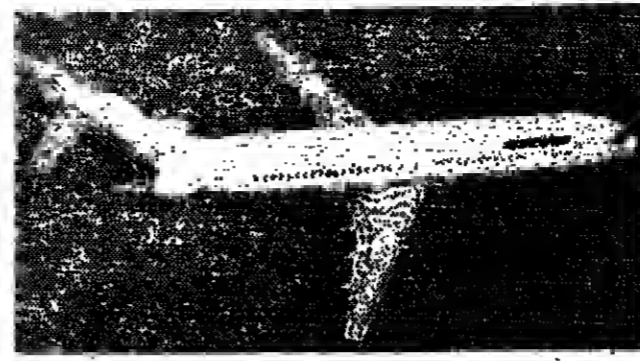
US timber tariff angers Canada

By Bernard Simon in Toronto

THE Reagan Administration's sudden imposition of a 35 per cent tariff on imports of Canadian timber construction materials has deeply angered and embarrassed the Canadian Government...

Boeing seeks lift from new prop-fan jet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



Boeing's new hope... the 737.

BOEING, the world's biggest builder of jet airliners, is determined to leave no one in any doubt as to its determination to build a new 150-seat airliner using the revolutionary prop-fan engine, called the 737, for service by 1992.

new aerodynamic shapes—is being pushed forward steadily, and is on time. Boeing plans to retain at least 51 per cent of the venture, both in terms of cost and work-sharing.

GE claims that ground tests on the prop-fan engine have also shown that vibration is lower than with a conventional jet engine and that the prop-fan can meet US Government noise requirements.

accept a brief delay, of say six months, if the 737 could enter service by late 1992 or even in 1993 as a prop-fan. A longer delay, however, would force a decision on whether to go ahead with the 737 using conventional turbo-fan jet engines.

even without prop-fans, sales of the 737 will eventually exceed those of the A-320, even though the A-320 has captured a lead in the 150-seater market.

Jamaica manufacturers to sue over import checks

BY CANUTE JAMES IN KINGSTON

SOCIÉTÉ GÉNÉRALE de Surveillance de Suisse, which was contracted by the Jamaican Government earlier this year to carry out pre-shipment inspection of imports, is to be sued by the Jamaica Manufacturers' Association to recover what the association claims are losses caused by delays in inspections.

US timber tariff angers Canada

By Bernard Simon in Toronto

THE Reagan Administration's sudden imposition of a 35 per cent tariff on imports of Canadian timber construction materials has deeply angered and embarrassed the Canadian Government...

Pechiney know-how package to boost sales

BY PAUL BETTS IN PARIS

PECHINEY, the nationalised French aluminium and metals group, is launching a novel scheme involving management service contracts for large aluminium plants.

management contract." The French group will provide complete management services to run a new facility built with its technology for an initial seven-year period.

Mr Kervern believes the new management service is attractive to the financiers of aluminium smelter projects, which average about \$1.5bn (£1bn) for a 230,000 tonne a year plant, and to developing countries without the manpower or experience to manage such investments.

its extensive international experience in the industry having provided the technology for 50 per cent of all aluminium electrolytic reduction facilities built in the Western world since 1980.

Hungary to buy foreign chips

HUNGARY will buy foreign microchips and microprocessors to make up for the loss of domestic production after a fire at its main microelectronics plant in Budapest, the Hungarian news agency said.

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NEWS

TECH

TECHNOLOGY

Revival of the Fittest

The West's older manufacturing sectors have sometimes been dismissed as "sunset" industries, condemned to stagnation and decline. But advanced production technology offers the chance of a fresh lease of life, which many companies are eagerly grasping. In the first article in an occasional series, William Dullforce in Geneva, reports on how automation has transformed Swiss watchmaking.

How Swatch cut costs in time

THE SWATCH, the cheap, electronic, plastic watch which has spearheaded the comeback of the Swiss watchmaking industry, is a triumph of imaginative promotion. But the triumph would never have been realised without the new watch assembling technology that produced it a competitive edge in quality and pricing.

The fully automated production line developed for the Swatch was crucial to the survival of Swiss watchmaking



Ernst Thomke: 'Godfather of the plastic timepiece'

and has taken the industry the final step from a craft to mass manufacturing, says Mr Ernst Thomke, now popularly known as the godfather of the plastic timepiece.

Last year 8.3m Swatches were produced at the ETA factory in the small town of Grenchen at the foot of the Jura mountains. They scored a fabulous success with consumers in US department stores and in several European countries. They signalled the triumphant return of the Swiss to the high-volume, low-price end of the watch market that they appeared to have lost to the likes of Japan's Seiko and Citizen and to the Hong Kong producers.

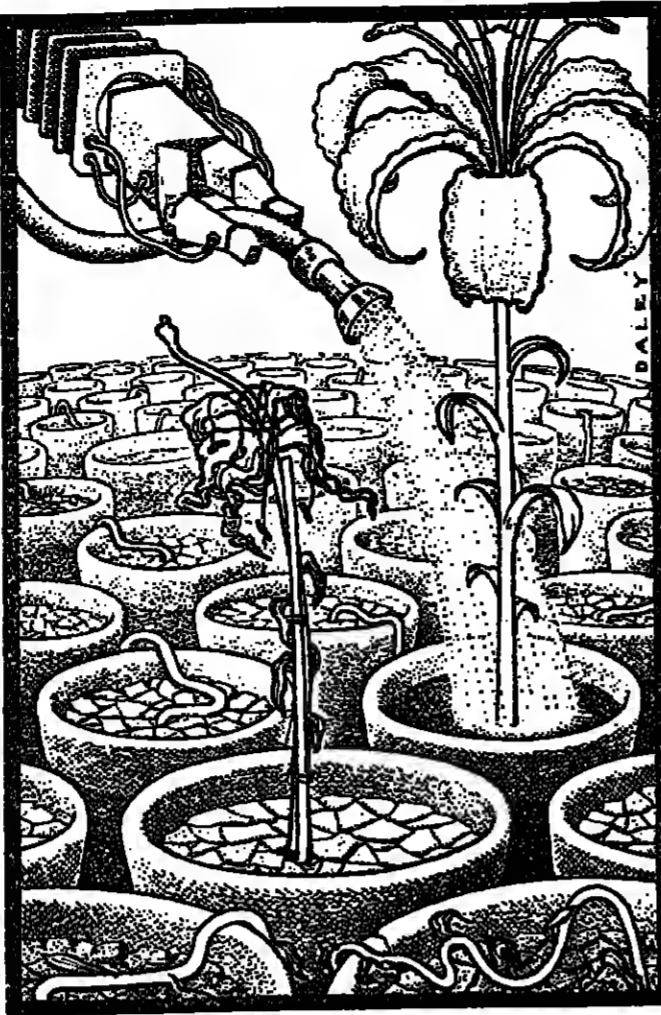
SMH, Switzerland's biggest and newly restructured watchmaking group, to which ETA belongs, last year improved its cash flow by 39 per cent to Sfr 121m (\$67m) and more than doubled its net profit. Thomke claims that the Swatch and ETA's components manufacturing business are now the two biggest contributors to SMH earnings.

A small band of private investors led by Mr Nicolas Hayek, the industrial consultant, last year bought a controlling share in the group from the banks which came to its rescue three years ago. The original impulse that took Thomke to the Swatch was the need to preserve ETA's chip-making capacity. ETA is the biggest manufacturer outside Japan of components and movements for watches. It supplies companies producing watches, both within the SMH group and outside, and has a particularly big export market in Hong Kong.

Its problem at the end of the 1970s was that, with the retreat of Swiss watchmakers from the cheap watch market, future demand for its integrated circuits was clearly not going to be large enough to enable it to reach the volume of output it would need to remain cost competitive.

Thomke's efforts to persuade individualistic Swiss watchmakers to join forces, reduce their vast number of products and simplify production got nowhere. ETA then looked at the possibility of going it alone and eventually arrived at a specification for an electronic watch to beat the Japanese.

It plumped for a quartz analogue (with dial and hands) in the belief that the digital watch with its liquid display crystal was losing favour with consumers.



At the time it cost ETA about Sfr 20 to make a quartz analogue movement but the cost was on a swiftly declining curve. Thomke's specifications stipulated a maximum production cost of Sfr 10 for the complete new timepiece, not just for the movement.

That was impossible with the traditional watch, where the metal case and the strap formed the more expensive part, and with existing watch assembling methods. Both Swiss and Japanese had succeeded in applying automation to the making of the watch movements but not to the assembling of the parts, including the dial and hands, in the case.

To meet the Swatch cost target with Swiss labour prices maximum automation of the assembly process was needed. High volume production demanded a simple basic shape for the timepiece.

In competing with the Japanese to produce the thinnest possible watch ETA had already developed a technique for mounting the parts of the movement directly into the case of the watch instead of onto a separate plate. It had also started to use plastics in watch movements and had some experience in high precision injection moulding. "We felt it should be possible to add a bit more plastic to make the case," Thomke says. Plastics would also allow the use of a broad range of colours and dial designs to add change and fashion to the classical circular shape.

A concept favourable for automated line production was emerging. In contrast to traditional watch assembling where the parts are fitted to both sides of a mounting plate they would be placed from one side only into a moulded case.

A crucial innovation was the adaption together with Branson of the US of its ultrasonic soldering techniques to weld the movement module into the case and to seal the crystal onto the cases. The system prevents a Swatch from being repaired, but the Sfr 10 production cost target had in any case made repairs irrelevant.

SWISS WATCHMAKING: Key figures

	1982	1983	1984	1985
Exports of watches:				
Units (m)	18.5	15.7	17.8	25.2
Value (Sfr m)	2,755	2,677	3,064	3,444
Exports of movements:				
Units (m)	12.7	14.6	14.5	13.4
Value (Sfr m)	256	247	235	220
Exports of non-assembled movements:				
Units (m)	14.5	12.6	18.6	18.3
Value (Sfr m)	81	77	98	139
Value of total exports (Sfr m)	3,502	3,403	3,942	4,311
Employment in watch industry	38,151	33,396	30,978	31,949

Source: Federation of Swiss Watchmakers

Thomke denies that the Swatch assembly line is robotised, although it would certainly be so described in Japan. If a robot is characterised by the ability to move in three planes, there are very few on the Swatch line.

Thomke says robots are too slow. Most of his machines are pick-and-place automats developed by ETA's own engineers from equipment they had been using to manufacture movements and components.

When the first Swatch assembly line was started 70 per cent of the production had to be discarded as defective. That was fairly quickly reduced to around 30 per cent by introducing control equipment developed in house and already used in producing movements.

SMH engineers have since built computerised measuring equipment to control quality at a dozen or more checkpoints on the line with information constantly available on screens.

Thomke says wastage is now less than 5 per cent and QUIS (quality information systems) has become a separate profit centre, selling its equipment to Bosch and videotape producers. A lot of the Swatch production technology has been transferred to ETA's components manufacturing.

Output has exceeded the original targets. A five-year sales plan aimed at placing 800,000 Swatches on the market in 1982, 2.5m in 1984 and 6m in 1985. Numbers sold were 1.2m in 1982, 3.2m in 1984 and 8.3m in 1985 when production failed to meet demand. New assembly lines are being added.

ETA says 800 people are employed in making Swatches. A more interesting measure is that 8.3m were assembled last year by between 120 and 130 people, mostly women, working in three shifts. They included the maintenance staff and quality controllers.

In comparison between 300

and 400 people were needed to assemble less than 700,000 watches at Omega which is also part of the SMH group.

The Swatch, which sells at a retail price of Sfr 50, now costs well under Sfr 10 to produce and unit labour costs are set to fall further as output is expanded.

The original investment in developing the machinery for the assembly line and tooling up was Sfr 25m (\$12.5m). Considerably more has been spent since on improving equipment and expanding output. ETA will not say how much.

Thomke, now 47 and managing director of SMH's watch division, insists that motivating people is as essential as invest-



Swatch: Crucial to survival of Swiss watchmaking

ment and developing new techniques when manufacturers seek to become more competitive.

"The technology is easy if you have the right spirit," he says and stresses the importance of releasing the innovative capacity that, he argues, can be found in most manufacturing plants but is seldom even noticed by senior management.

"You couldn't sell 100,000 of that mock," Thomke was told when he first presented the plans for the Swatch conceived by his young engineering team. The company is offering Miniphenethin which, at 89¢ will provide, it is claimed, "all the facilities of a full DDI system."

BP devises safer way to strip asbestos

ASBESTOS STRIPPING has been made easier and safer by BP Chemicals of Southampton, UK (0703 894788), where a sprayed fluid has been devised that loosens the cement-based binders agents within asbestos and reduces the level of dust emission during stripping.

The advantage of the product, called Astrip, is that unlike water, it does not dry out. Added to the product also bind the fibres together, preventing atmospheric release.

Astria states treated materials making any residual asbestos immediately visible during subsequent cleaning. BP says that trials conducted with the material on pipework for example, with a fluid application time of one hour, produced only 8.9g fibres per millilitre, whereas using water, there were 0.16 fibres per millilitre.

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ALCOHOL DETERMINATION in beer, wine and spirits can be tedious and expensive using current analytical methods. Now the Laboratory of Glassware, UK (0446 742244), has developed a new method for the determination of alcohol content in these beverages. The instrument uses an electrochemical sensor in which a sample volume is drawn in and the micro-alcohol content oxidised in acetic acid. The resulting acid species, in the presence of a microprocessor controlled, the instrument can deal with 20 analyses an hour and can average the results of 100 samples.

WORTH WATCHING

Edited by Larry Chertok

samples. Since the measurement is temperature sensitive, the micro also monitors temperature and makes appropriate corrections. Results appear on a liquid crystal display.

BATTERY TESTING in the case of lead acid cells where conventional instruments are used, through the need for some other approach for the newer highly sealed cells.

So ERA, of Leatherhead, UK, is developing a new method in which a reduced pulse of current is drawn from the battery, yielding the terminal voltage as opposed to a way which when analysed by microcomputers, reveals information about the state of charge. By hypothesis, some of these sealed-pulse-throughout the service period of a vehicle, the state of the battery can be continuously updated. More than Mr Graham Hetherington, in Leatherhead on 01753 74151.

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FINANCIAL TIMES SURVEY

Wednesday May 28 1986

REFURBISHING

LOOKING UPWARDS at a skeletal wall gripped by a spiderweb of steel in the City of London, it is hard to decide where refurbishing ends and new building begins. This is all that remains of an Edwardian office block overtaken by the demands of new technology and the impending deregulation of the financial markets.

The wall must stay because conservation policy demands it. But behind will rise the most modern space demanded by companies linked into a global computer network. Technically, this is a refurbishment, although the cost of the work is just as likely to go on record as new building.

A couple of miles westwards, the familiar Barkers store in Kensington High Street stands roofless and hollow but for rubble in the first stage of a £27m transformation into offices and shopping, another candidate for classification as new construction.

A wide spectrum stretches from these drastic solutions to obsolescence, through the remodelling of shopping centres, recladding of office blocks and re-roofing of houses and hospitals, down to the movement of a few partitions in an accounts department and a householder replacing the floorboards in his dining room. And the lowest level of refurbishing is just as likely to be missed out of the grand totals because of the grip of the black economy.

According to official figures, new construction outweighs repairs, maintenance and improvement (RMI) work by more than 50 per cent in the total UK output of more than £22bn. But these findings in detecting refurbishing make it more likely that work on older buildings is as important as putting up new ones.

Post-war system-built houses and tower blocks are crumbling. Meanwhile, business property is rapidly becoming obsolescent as computer cabling and air conditioning becomes common

Old bottles for new wine

By David Lawson

sector and the development industry move away from new building and into refurbishing and repair.

Fortunes are already changing among companies able to move with the times by developing new technical and marketing skills. DIY suppliers are booming and materials production is switching from heavy structural products to lighter ones.

Housing holds some of the greatest potential, which is why councils such as Barratts are setting up urban regeneration divisions and the shares of an expert in apartment block refurbishing like Regalian outperformed all others in the sector last year.

Tower blocks and council estates are crumbling because of the failures of post-war building techniques. The cost of repair has been estimated at £20bn over the next 10 years.

This is a fairly meaningless figure to the industry as the UK Government has no intention of spending anything like this amount. On the other hand the stories about reductions in public spending on refurbishing seem misplaced, according to Mr Jamie Steven-

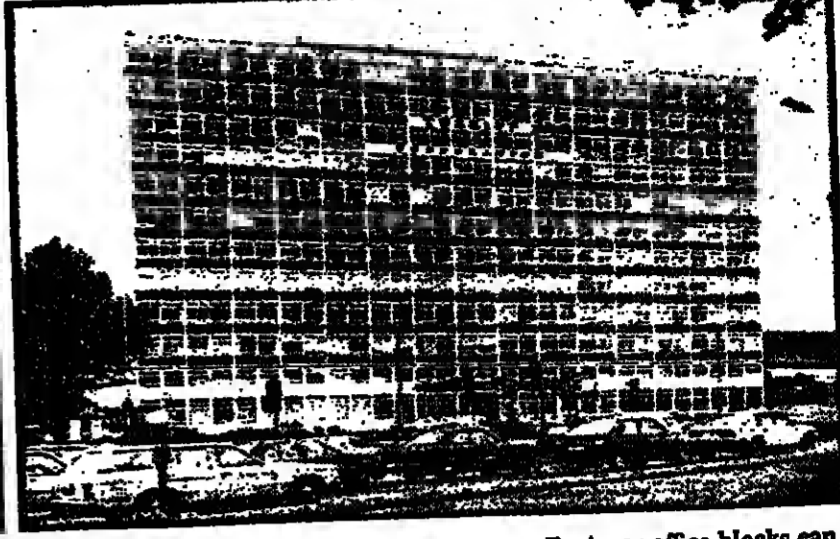
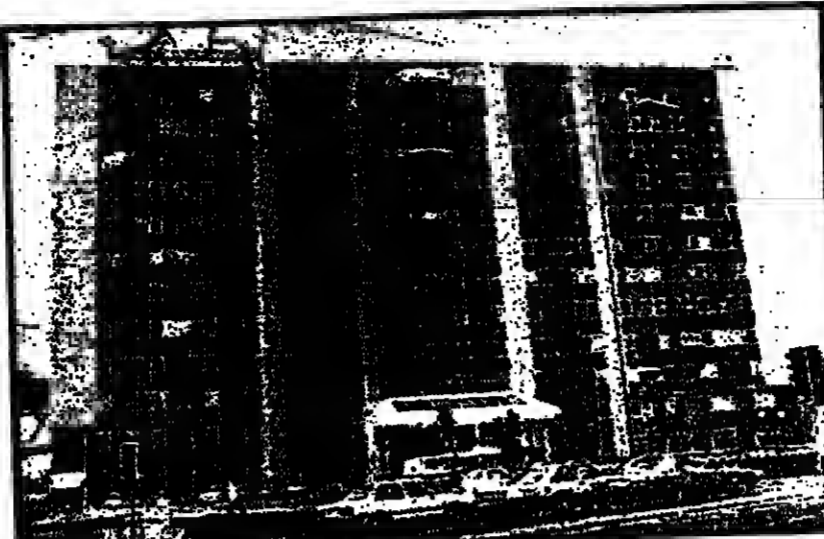
son of brokers Savory Mills. The number of renovations by local authorities and housing associations grew by 88 per cent to 108,000 between 1981 and last year. There is further great potential from the £5bn of council house sales receipts still awaiting a pre-election release by the Government.

Meanwhile, building companies in close touch with councils, often small local concerns, are revelling in the work and their bigger brothers can almost pick and choose tower blocks and estates offered for sale.

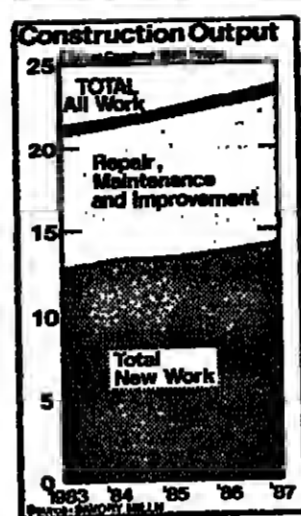
Fears about a collapse of refurbishing in private sector housing with the reduction of home improvement grants and the extension of VAT to repairs have also proved unfounded.

House-buying is booming, with an extra 5m owners in the past three years spending an extra £1bn a year on work to their homes," says Mr Stevenson.

Home improvement grants have also reached a plateau after a steep fall last year, and are still twice the 1981 level. The private sector has as much potential as local authority



Post-war office blocks can require extensive alterations to bring them up to modern demands. Inury Properties spent £7m giving a new face to the Boston Park Plaza landmark (above) on the Brentford flyover in west London, and was rewarded by a pre-letting at premium rents to Wang



Repair, Maintenance and Improvement

	£bn (constant 1985 prices)				1st 9 months		Forecast		
	1981	1982	1983	1984	1984	1985	1985	1986	1987
Housing	4.07	4.05	4.22	4.53	3.44	3.53	4.70	4.90	5.10
% change	-9	-1	+7	+5	+7	+3	+4	+4	+4
Public non-housing	2.68	2.65	2.72	2.69	2.01	1.92	2.60	2.65	2.70
% change	-8	-1	+3	-1	-2	-4	-3	+2	+2
Private non-housing	1.34	1.36	1.37	1.46	1.06	1.17	1.60	1.60	1.60
% change	-10	+1	+1	+7	+4	+11	+9	nc	nc
Total	8.18	8.07	8.43	8.69	6.52	6.64	8.90	9.15	9.40
% change	-9	-1	+4	+3.5	+4	+2	+2	+3	+3

Source: Savory Mills.

Many office blocks have been proving almost as fragile as houses because of the same problems over concrete deterioration and system failures in post-war building methods. They have also failed to keep up with occupiers' demands.

Cabling and ventilation for computer technology is difficult to fit into modern blocks, let alone pre-war ones and many have had to be stripped back to be fitted with new cladding, raised floors and more efficient services. Air conditioning equipment alone fitted to existing buildings between 1975 and 1984 rose from £55m to £68m a year at constant 1983 prices, according to Mr David MacFae of the manufacturer, Carrier Distribution.

The leading edge has been in the City of London, where financial groups are going through the traumas of finding suitable space for their com-

puterised operations and dealing floors ready for the Big Bang. But improvements are being brought in right across the board by landlords wherever rent levels justify. Tenants are generally demanding better conditions and there is enough empty space around to be choosy.

New problems are arising as many speculative refurbishments are being criticised by designers, who then find themselves with extra business ripping out the new services and starting again. These space planners have become so busy that many are being groomed for flotation on the stock market. Space Planning Services, which made profits of more than £300,000 last year, is to join the USM next month.

Many construction companies are also trying to move into the lucrative City market because of the over-capacity of other contracting work. But

profits are hard to come by in such a cut-throat sector.

Another area where the designers are doing well is in shopping centre refurbishing. The rash of developments in the 1960s are wearing badly and with retail sales soaring, much revenue is being poured into reshaping and covering over many schemes. Shoppers today are more mobile and notoriously fickle, so centres are having to compete to attract them with comfort and glitter.

The whole field of infrastructure renewal is in a similar position as housing, with huge estimates for repairs but little prospect of extra government spending. National Health Service property requires more than £2bn spent to raise standards after suffering from problems of water penetration, cladding and flat-roof problems, according to one report.

New codes to handle extra traffic weight could mean more

than £400m has to be spent on 100,000 UK bridges, although problems with concrete deterioration could push this figure much higher. In the US, where more investigations have been done on the problems caused by carbonation and salt corrosion, estimates go as high as \$45.5bn to repair bridges compared with an annual allocation of \$1.8bn.

Road maintenance has just received a boost through a UK government decision to clear the backlog within six years although local authorities are reporting that they are going under because of cuts in spending. Refurbishing is often under fire because it can involve patching rather than properly planned repairs.

Criticisms are not limited to roadworks, however. Apart from the poverty of speculative office work, housing refurbishment

CONTINUED ON PAGE 3

A heat pump can give you 2½ times the energy you pay for.

Imagine a means of heating your business premises so energy-efficient it produces more energy than it consumes. Surely, it's not possible? It is. As the cliché goes, truth is often stranger than fiction. As a heater, a heat pump produces up to 2½ times the energy it consumes (sometimes it can produce even more). What's more it can cool and dehumidify, too. Like most good ideas, the concept behind the heat pump is simple.

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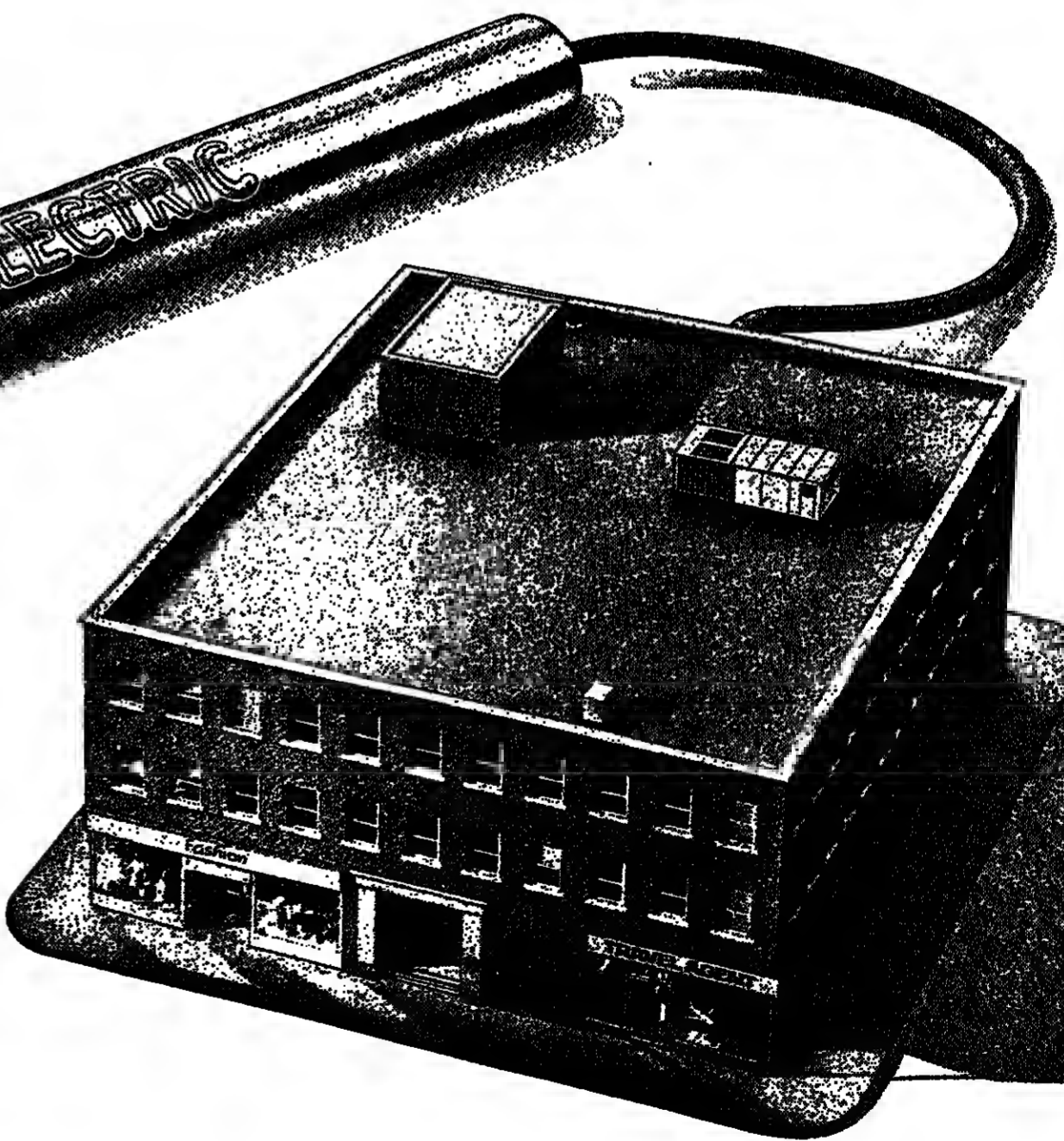
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Refurbishing 3

Techniques & Materials

Necessities bring out inventions

NECESSITY being the mother of invention, the construction industry and its suppliers have become wonderfully inventive, as refurbishing has taken a steadily increasing share of workloads. They have found ways of making work easier, more cost-effective and enduring.

Refurbishing remains based on any combination of conversion, improvement and repair, says building surveyor Mr Richard Catt, who specialises in the field. This applies from the humblest home to a multi-million pound City of London scheme.

But whereas major contracts are likely to be highly supervised by specialists, preventing scope for corner-cutting, at the other end of the market builders can be tempted to skip on repairs, hiding questionable structural elements behind fresh decorations.

Most of the big money is at the top of the market, so this is where many of the innovations have been developed. Ideas can be simple and sometimes the contractor's approach to solving problems are the key to his winning a contract.

Two good examples of this can be found in Piccadilly Circus, where access to remove tonnes of rubble, an inevitable by-product of major refurbishing, is a problem amid the congestion.

Among potential contractors for conversion of the old Swan

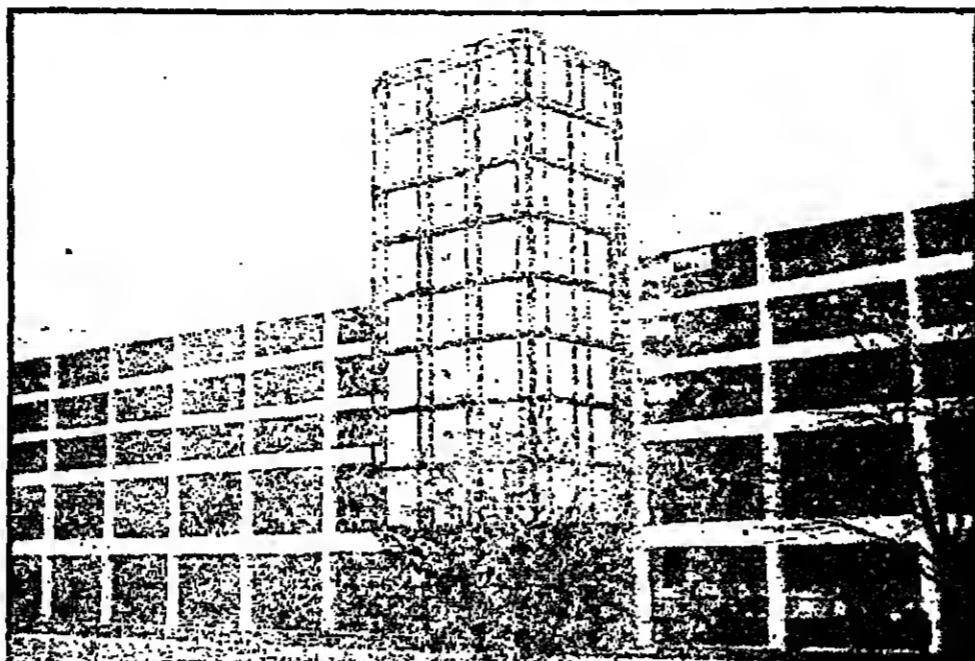
& Edgar store into what is now called Centre at the Circus, only John Lelliot's thought of placing a crane inside the gutted building, enabling skips to be winched in and out and on to lorries in the streets. The idea was decisive in winning the contract.

Almost next door, at the London Pavilion redevelopment, Trollope & Colls secured the £8.5m contracts partly because they were able to propose a method of supporting the facade without external propping.

Trollope & Colls propose a temporary structural steel frame behind the facade on three levels, so that it interferes neither with pedestrian flow nor with unloading of materials. It will take seven weeks to erect and occupy less than 15 per cent of the working area while allowing the construction of the new permanent reinforced concrete frame.

Another problem arose in the proposed re-cladding of a 1960s block, Bakers Hall, in new brickwork incorporating flush and protruding features, mullions and spandrel infill. It was found that the new building line overstepped the existing concrete floor beams to such a degree that the new skins could not be supported.

Consulting engineers Campbell, Reith and Hill helped Waters, the main contractor, solve the problem with fixing specialists Harris & Edgar. This involved bolting into



A multi-storey car park in Ipswich was converted into high-specification offices by Bovis under a £7.5m contract from Willis Faber

place more than 200 welded brackets and angle assemblies covering the face and returns of the columns. The assembly supported new precast lintels and the mullion brickwork in front of the columns. The lintels spanned the columns and supported the inner brickwork skin. Stainless steel angle was bolted to the lintels to support the spandrel brickwork.

Slightly less ambitious facelifts for the thousands of drab 1960s and 1970s office blocks and other modular buildings are offered by a company called Spectra Windows. A UPVC system of low-rise curtain wall and full-height ribbon formation with double glazing can replace the old single-glazed metal-framed windows, which are about the least energy-efficient construction investment.

Energy efficiency is important in refurbishing. In public housing the counterpart of inefficient design are the problems of condensation, rot and mould, in addition to heat loss.

Most public sector stock built since the 1950s suffers these problems. Low-rise concrete houses of the 1950s—apart from those designated defective under the recent Act meant to protect people who bought them—can be repaired by external insulation and re-cladding. Wimpey, which built many of the estates, is doing a great deal of this work.

Forticrete has developed a system, used in Coventry, for internal and external re-cladding which can be acceptable for houses of the generation when room sizes were reasonably generous.

To the same generation belong the 40,000 steel-framed BISF houses built in this country just after the war. V. A. T. Watkins has developed a two-week refurbishment pack. There are probably more repair and protection solutions for concrete than any other material because it was used so much, and failed so often. Sealcrete Products has developed a liquid seal to prevent

damage from water and salt corrosion for 10 years, which can be used on all concrete surfaces.

Glasurit Beck lists a package of eight products used in halting the chemical deterioration of concrete.

A recent repair by engineer Grantright Concrete related to chloride-contaminated concrete one of the worst problems as it results in corrosion of steel reinforcing—specified a modified mortar containing silica fume.

Other projects include Taywood Engineering's use of an impressed current cathodic system on a multi-storey building in Southend, Essex, for testing by the Property Services Agency over five years.

Coated Reinforcement has worked with engineers Armand Safer to introduce into the UK a method of resin coating of steel reinforcement developed in the US for bridge and highway repairs.

Strength on a plate

ONE OF the main drawbacks with converting even quite modern office blocks to current demand from office users is the low floor loads that concrete floors will take. Filing cabinets and the various types of office machinery requires a capacity far ahead of limits anticipated even in the 1960s.

One solution was served up on a plate—or rather a large number of plates—by Balfour Beatty's Balvac Specialist Services for Guardian Royal Exchange, which was refurbishing its 10-storey Minerva House in Leeds when cracks were found where the floors meet columns.

Mild steel plates were designed by consultants Therburn Associates to cover and strengthen the floor slabs. Problems had to be overcome of getting the plates to the upper floors, working outside normal hours to avoid disturbing tenants still in the building and creating special lifts to avoid bending the plates.

But the biggest headache was testing their efficiency. Moving 140 tons of ballast through a 3 metre by 1.5 metre window, 30ft in the air, was solved with the help of the Fire Service pumping 120,000 litres of water up through the dry riser in eight hours to fill 650 barrels.

Unfortunately it then took three days to pump them out, through the only small pipe available for waste water. But at least the strengthening technique proved successful.

Mira Bar-Hillel

David Lawson



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Historic lessons for US

THE BRITISH are exporting their experience of refurbishing office blocks to the US, where fewer planning constraints and more space means that demolition and rebuilding is more common.

A clutch of development companies such as Greycourt, London & Leeds and British Land are involved in New York and Washington with renovation.

"There is a degree of refurbishing going on, especially in protected areas of historic cities such as Washington and Boston, but the Americans do not seem willing to put the same amount of time and money into

refurbs as the British," says Mr John Weir of Greycourt. "We aim to make them into first-class developments, with little difference of approach than to new buildings."

Greycourt has three schemes under way or planned. Its 23-storey Avenue of the Americas development in New York built in 1961, is stacked up as a refurb (it had sitting tenants) and seems to be prepping the sums right as it is 95 per cent let at rents of \$35 a sq ft compared with a previous \$21.

A 1940 sq ft Washington office block built 40 years ago will be offered at rents close to those for new space. This and another 120,000 sq ft

Washington block being renovated are in the same sort of prime area as the New York scheme, providing the financial justification for the \$70 a sq ft spent renewing the air-conditioning, lighting, power and other services.

One of the problems to be overcome in Washington is the tight spacing of 3 ft 4 ins between floor slabs, which makes it a squeeze to fit in services such as raised floors.

"But these are not normally required in the US," says Mr Weir—perhaps a salutary message for those who are reversibly converting every UK building available to this system.

David Lawson

Costs

Spending a penny costs pounds

THE COST of refurbishing varies widely according to condition and specifications. It is not necessarily the oldest building which will cost most per foot, and when broken down this way, services such as toilets and stairways can prove more expensive than working space.

Quantity surveyors E. C. Harris quote four typical examples of London office blocks:

- Approximate date of building 1900. Floor loadings increased, some structural work, new lift, air-conditioning to very small part. Lettable office space £383 per sq metre (£31 per sq ft). Toilets £1,156 per sq metre (£107 per sq ft). Landlord's common areas (lifts, halls, stairs, etc) £365 per sq metre

- (£92 per sq ft). Overall £627 per sq metre (£58 per sq ft).
- Approximate date of building 1835. Building in good condition, no increases in floor loadings, new stairs, lifts, no air-conditioning. Lettable office space £470 per sq metre (£44 per sq ft). Toilets £1,887 per sq metre (£171 per sq ft). Landlord's common areas (lifts, halls, stairs, etc) £392 per sq metre (£38 per sq ft). Overall £510 per sq metre (£47 per sq ft).
- Approximate age of building 1920. Some structural work, new lifts, no air-conditioning. Lettable office space £474 per sq metre (£44 per sq ft). Toilets £1,445 per sq metre (£134 per sq ft). Landlord's common areas (lifts, halls, stairs, etc) £1,156 per sq metre (£108 per sq ft). Overall £604

- per sq metre (£56 per sq ft).
- Approximate age of building 1954. No new lifts, refurbishment of lift lobbies, new air-conditioning. Lettable office space £523 per sq metre (£49 per sq ft). Toilets £954 per sq metre (£83 per sq ft). Landlord's common areas (lifts, halls, stairs, etc) £302 per sq metre (£28 per sq ft). Overall £510 per sq metre (£47 per sq ft).
- New building costs in the City of London also vary enormously but E. C. Harris quotes examples ranging from £66 a sq ft for the simplest, steel-frame office block with basic services to £126 a sq ft for a complex, owner-occupied, reinforced concrete one with high servicing standards.

David Lawson

Old bottles for new wine

CONTINUED FROM PAGE 1

comes under fire from Mr Leon Hill of the Chartered Institute of Builders, who says that similar patch-up jobs are being done.

"Council houses that have been refurbished still look like council houses. Warehouses turned into living accommodation still look like warehouses. Is that really going to be satisfactory in 10 or 15 years time?" he asks.

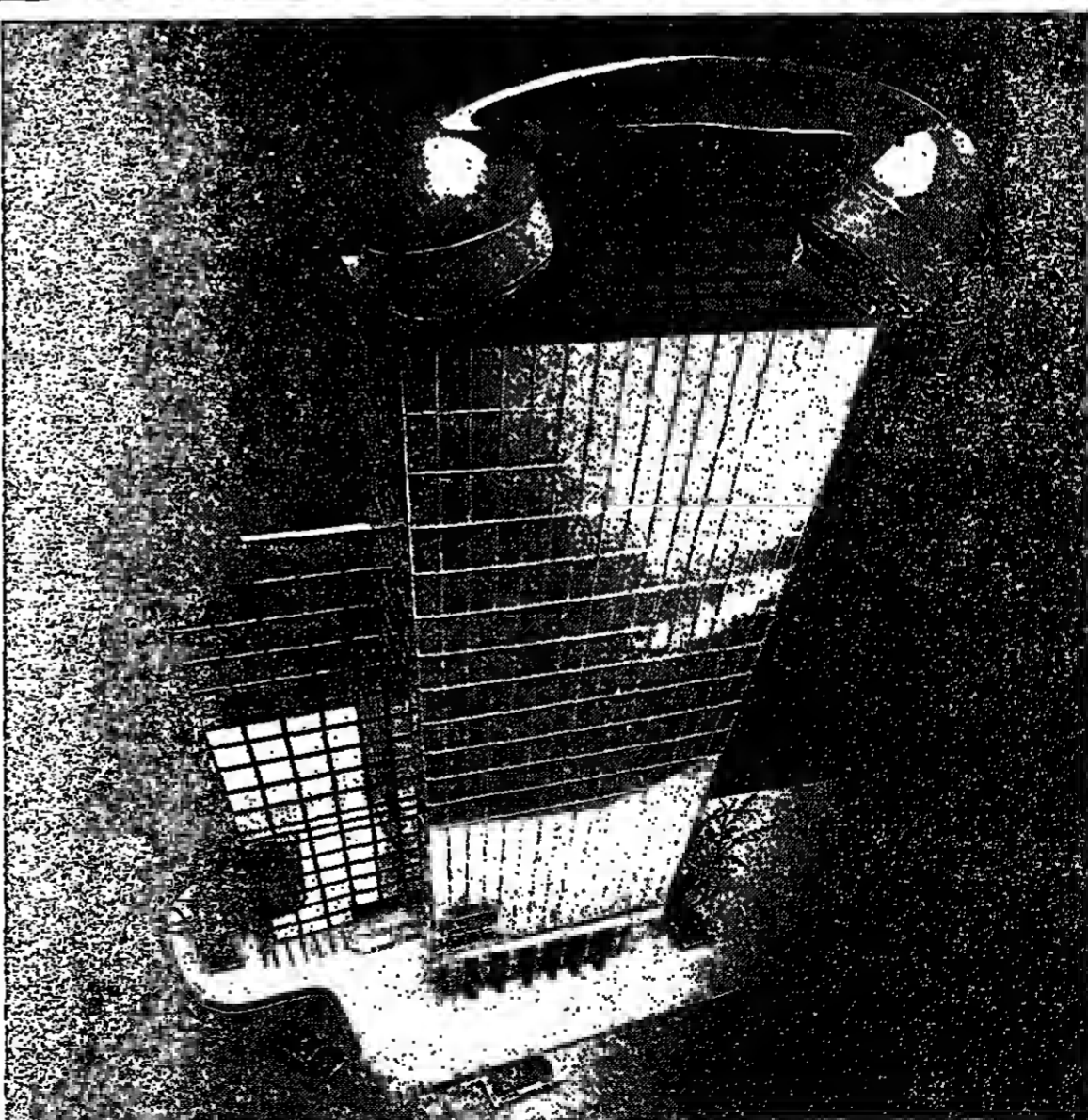
Too much refurbishment was presenting just a superficial face. Houses should have the same treatment of being stripped back that office blocks are given.

But whatever the judgment on the work being carried out, it seems that there is plenty of it to go round for the construction and property industries—and plenty more of it yet to come.



The Ashton Memorial in Lancaster, called the grandest monument in England, will be restored by Shephard Construction as the centrepiece of a theme park.

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Refurbishing 5

Public Buildings

Continuous battle against budgets

BRITAIN'S public buildings have more than their fair share of refurbishment problems. A large number of the country's schools, universities and hospitals are in old properties which need constant repairs and, ideally, full-scale refurbishment programmes to maintain standards.

It is estimated, for example, that more than half of Britain's hospital floor space dates from before World War One and that National Health Service property as a whole needs £2bn spent on it to bring it up to the minimum acceptable standard, according to the Building Employers' Confederation.

Keeping such buildings safe and fit for their purpose is a continuing battle for the various authorities against tightening budgets and a deteriorating basic stock.

Later generations of buildings for public use have spawned problems of their own. The design and construction errors of the 1960s and 1970s coming to light in housing affected larger buildings too. An independent report in 1984 estimated that water penetration of non-domestic buildings in the public sector would cost more than £1.2bn in repairs over 10 years. Problems include collapsing cladding and disintegrating floors as well as leaks and damp.

The 400-bed Royal Devon & Exeter Hospital faces demolition while in London major repairs had to be carried out at the Royal Free Hospital in Hampstead when cladding became detached from the high-rise ward block.

Water penetration was also at the heart of a disaster of disrepair at the Roman Catholic cathedral in Liverpool, where architects and engineers agreed

to pay £1.3m in damages for defects in design and construction. These have cost up to £2m to repair only years after the building was completed.

Many public buildings built within the past 25 years have flat roofs, now acknowledged as one of the major culprits in allowing in water if they are not rigorously maintained and weather-proofed. Flat roofs can be up to four times more expensive to maintain than the pitched variety — an unwelcome addition to the public repairs budget.

When building surveyors Povall Worthington & Associates refurbished a maternity unit for the North West Regional Health Authority, the opportunity was taken to replace the problematic flat roof with a pitched roof and a mansard. The building, put up in the 1930s, was refurbished to provide a 30-year life at a cost of £1.3m while patients were still in occupation.

Refurbishing hospitals poses extra problems, for it is often not possible to close wards or turn patients away while work is in progress. Several hospitals carrying out upgrading schemes, including Cheltenham General, the Cameron Hospital in Hartlepool and Ashington General in Northumberland, have temporary buildings to keep services going.

Decaying timber, particularly in window-frames, has been exercising the ingenuity of education authorities in the past couple of years. Joinery decay is especially common in walls with a great deal of glass, popular in schools of the 1960s and 1970s.

The British climate, said to be the worst in the world for maintaining buildings, is partly at fault as windows were often



Computers have been extensively used by architects D. Y. Davies in designing the £68m refurbishment of Heathrow's Terminal Three, one of the biggest projects in the UK

designed to be south or west facing and therefore receive extremes of hot/dry and cold/wet weather. Some repairs can be made on the spot, but where the damage is too far advanced authorities have to foot the bill for a replacement.

Buildings put up with taxpayers' money are particularly vulnerable to public opinion on emotive issues such as potential risks to health. Perhaps the most controversial is asbestos.

A Health & Safety Commission report last year concluded that the danger to health from occasional and casual exposure to asbestos fibres is minimal — 90 times less risky than non-smokers being exposed to cigarette smoke for seven hours a week, and 50 times less dangerous than a 10-mile drive to or from work.

The report assumed that exposure was to chrysotile (white) asbestos, rather than to the more dangerous — and more rare — crocidolite (blue) or

amosite (brown) versions. Nonetheless, building surveyor Mr Jack Campling, commenting on the report, states that "the risk from asbestos to the ordinary man in the street is virtually non-existent" — is a far cry from sensational reports of schools being evacuated because of an asbestos discovery.

Public concern has forced many local authorities into expensive, time-consuming and labour-intensive asbestos removal programmes. Solihull Borough Council, for instance, spent £300,000 on removing brown asbestos from damaged lagging in 1,600 properties. Much of the cost is in protecting removal workers and occupiers while the asbestos is in an unstable and dangerous state.

Air-conditioning plant in hospitals has also come under severe scrutiny following outbreaks of Legionnaire's disease in Stafford and Glasgow. New hospitals no longer have air-conditioning but in the few

which are either wholly or partly air-conditioned, rigorous cleaning and chlorination of cooling towers and evaporating condensers is required at least twice a year.

Although the potential health hazard in hospitals is said to be under control, not enough is known about the disease and the possibility of it occurring in other air-conditioned public buildings for the problem to be disregarded.

Many of the defects affecting modern public buildings are the consequence of importing design and construction techniques and materials tested from countries where climate and conditions are different from Britain. More research based on the British experience should ensure that owners of public buildings can spend more of their budgets on enhancing their properties and less on applying first-aid to inherited casualties.

Christine Whelan

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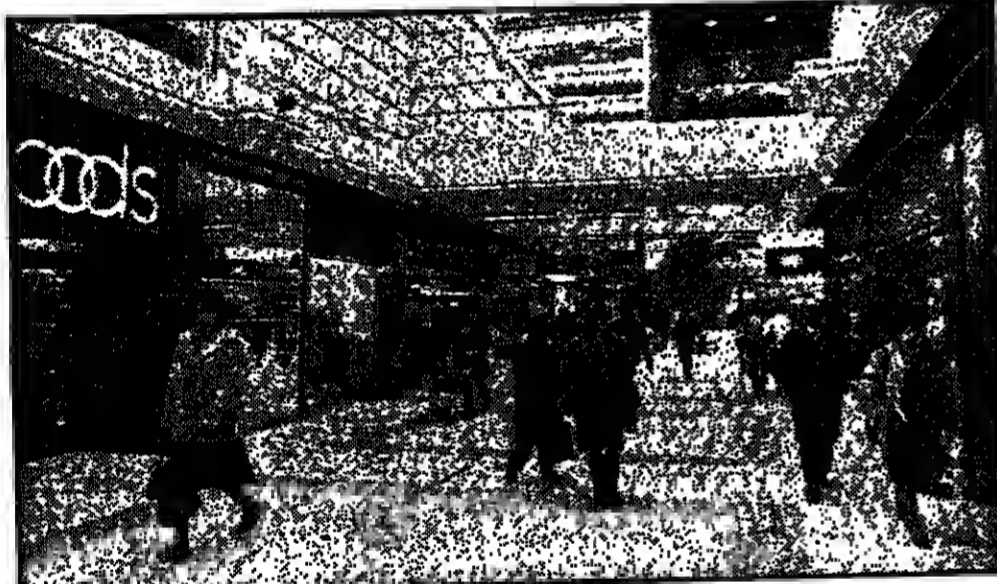
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More than £5m was spent upgrading the Queensmere shopping centre in Slough

Retailing

Second bite of the cherry

RETAIL CUSTOMERS are becoming more sophisticated according to many involved in shopping centres and high street refurbishment — in other words business is becoming more cut-throat.

Retailers, developers and institutions are responding to this challenge by re-examining the formula which produced hundreds of shopping centres around Britain.

For developers, shopping centre refurbishment is the second bite of a cherry that many thought completely eaten a long time ago. In some cases, refurbishment costs exceed those of the original developments.

The most obvious feature in many refurbishments is the covering of areas exposed to the elements, and the provision of atria. The absence of prime customer has become of prime importance as centres compete fiercely for business.

On the more technical side, refurbishment can also make it possible to add a smoke well. Many of the 1960s shopping centres escaped the 1985 national building regulations, and do not have fire precautions such as sprinklers and smoke controls. Refurbishment allows them to catch up.

"There is no set package for refurbishment," says Mr Giles Marking, "Some have fundamental flaws like the wrong size and shape of shops, and dirty, just look tired, grey and dirty."

"We try to get rid of problems such as graffiti-covered lifts and stop treating the customer like a convict."

An example of what can be done to an old building is under way at the Barkers site in Kensington High Street, west London. The 1920s building, with its listed facade, is undergoing a £27m rebuild and re-orientation.

The interior has been demolished and Barkers has been rehoused temporarily in a new 50,000 sq ft shop. Two connected shopping areas of 400,000 sq ft and 225,000 sq ft of prime office space are being built. A central atrium will dominate the building.

The removal of the roof for the atrium lowered the building's wind resistance, and it had to be upgraded by steel cross-bracing, while columns around the building have been strengthened to carry the new roof. Although the surgery is major, Mr James Howie, property controller of Barkers' owner, the House of Fraser, maintains that the inherent strength and quality of the original building have allowed us to undertake such work.

Asbestos removal was a big job. Three months' work was budgeted for but no sooner had the last load been despatched than another three months' worth of asbestos was unearthed.

One of the main difficulties of the redevelopment is the material handling involved in removal of concrete and rubble and rebuilding in such a densely populated residential and retail area. But at the end of the day, Barkers will have had a £10m refit to its new smaller store and House of Fraser will be sitting upon a development worth some £74m.

Not all refurbishments are as drastic. At the Queensmere Centre in Slough, small floors were relaid, services upgraded, new entrances installed and walls reclad and painted at a cost of £5m. Significantly, no disruption was caused to business or any part of the centre closed during work. This is a vitally important factor in inward-looking property and come-producing planning.

Edward Erdmen, the agent which handled the refurbishing, ensured that the main entrance strips of the day and the laid outside strips at night so access to shops would not be disrupted.

As shopping centres come to be closed, fire regulations come to the fore. Smoke is at the heart of the problem since an open air development would allow rapid dispersal. The Queensmere scheme involved fitting a computer-controlled system of extractors which open in a special order to minimise fire and smoke spread.

Land ownership is a further complication. In some cases, the

central "avenue" along a shopping mall was ceded by the developer to local authorities. Once an enclosure is considered, a lengthy procedure may need to be undertaken to wrest control of that space back from the authorities.

A £2.25m refurbishment and modification of the Times Centre in Sutton, Surrey, entailed the lowering of a 4,000 sq ft first-floor slab by 1 metre to give more headroom at first floor level and increase retail space. A further 10 shops were created on the ground floor and a similar number above, plus a restaurant/food court for people. The original centre, built in 1981, cost £8.5m.

The Doncaster Ardale refurbishment by Prudential Assurance which won this year's award for the best shopping centre in Europe illustrates the lengths to which builders and institutions are prepared to go to avoid upheaval. A scaffold shield system was suspended by high tensile bolts from the roof and lined with sound deadening material.

The scheme included a smoke reservoir and glass atrium, panoramic lifts, a water feature and escalators.

Public perception of Ardale-type centres as cold, impersonal and unsociable have been difficult to overcome. The one in Doncaster was renamed The Frenchgate Centre to cut any association with the past.

The Prudential is also involved in a major refit of a centre at Uxbridge. Howard Taylor, of Prudential Portfolio Managers, says: "Timing is essential. Any major project (Uxbridge is worth more than £7m) must be undertaken just prior to rent reviews and lease renewals. It is important to let the shop owner see the material gains in big business.

Returns are worthwhile, but as retailing is changing so rapidly we don't know how long they will be up to standard for at least 10 years and hopefully 20 years."

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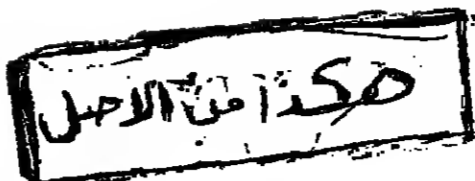
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UK NEWS



Philip Bassett reports on the offer intended to end the bitter struggle over the Wapping printing plant
Murdoch dispute reaches its final instalment

AFTER 17 weeks, it looks like the end. At least, it is the endgame. But then, since Mr Rupert Murdoch's News International mounted its audacious coup against the print unions by moving its newspaper titles to Wapping, maybe it has been throughout. The unions might have been trying to fight a battle which it was not possible to win.

Not so, say the unions' activists. For them the fight is still on victory still achievable. But the dwindling support outside the gates of Wapping - especially since the height of the violence a few weekends ago - suggests that, for many, the game is up.

The decision of the Sogat '82 executive yesterday to go for an immediate ballot on the company's offer will test opinion more closely than the mass meetings planned for tonight by members of the NGA craft print union and, on Friday, by London members of the general union Sogat.

Ms Brenda Dean, Sogat general secretary, spoke yesterday of members sitting in the quiet of their homes to decide. For many activists in the unions, and the political groups who have attached themselves to the dispute, that unwanted vision has been there throughout.

Prospects of a settlement to Mr Rupert Murdoch's News International's dispute with the print unions over the transfer of the group's four national newspaper titles to Wapping, east London, drew closer yesterday.

The executive of the print union Sogat '82 voted by 15 to nine to put the company's final offer to a secret ballot of its 4,500 sacked members without a recommendation. The members were dismissed, with about 1,000 members of the National Graphical Association, for going on official strike over the move to Wapping. The plant publishes The Times, Sunday Times, the Sun and the News of the World.

Senior officials and executive members of Sogat expect that there will be a majority vote in

favour of acceptance of the company's offer, which includes improved redundancy terms raised from a total of £15m to £20m. The union is sending a detailed report of the lengthy weekend negotiations with the company to the homes of all its sacked members.

Ballot papers will go out this week and the result will be known by Friday June 6 - the company's deadline for acceptance. London Sogat activists will hold a mass meeting on Friday.

Sacked members of the NGA will meet tonight to consider the offer, which includes the use by the unions of the company's old printing plant in Gray's Inn Road, central London. The NGA executive will meet on Thursday.



Norman Willis, Rupert Murdoch and Brenda Dean: secret weekend negotiations

At a meeting last Thursday at the headquarters of the Trades Union Congress (TUC), the unions agreed to take up the points outstanding from the last round of discussions with the company and to meet again. Contact was made with Mr Bruce Matthews, NI's managing director, who in addition to the former talks with the unions has been in touch by telephone with many of their leaders on a daily basis.

The time was fixed and the place - out of town, handy for the airport for Mr Murdoch and unlikely to be discovered. Talks started in the late afternoon. Their substance, though, was not the company's last offer but the unions' last counter-proposals.

Some print union leaders had been concerned that once the talks were on they might slide rapidly from the extreme of staying out until union recognition at Wapping was granted to an increase in the money element of the offer, with no mid-point.

For five to six hours, the union side, led by Ms Dean and Mr Ken Graham, the TUC's assistant general secretary, pushed the employ-

ers, led by Mr Matthews, on the unions' proposals. In particular, they pressed the idea that recognition at Wapping should be vested not in any of the unions themselves, but in a joint union committee, backed by TUC-enforced arbitration and other significant changes.

As the hours wore on, it became clearer and clearer that the company would not budge on recognition but that more money might be available.

Monday at 1am brought an adjournment and Monday at 9.30am brought Mr Murdoch and Mr Norman Willis, TUC general secretary. Much of the pushing was done by Mr Willis and Mr Graham, sometimes together, sometimes alone.

With Mr Murdoch there to make immediate financial decisions, Mr Willis in particular pushed hard on the money. The first real breakthrough for the unions was getting the £15m pool increased sharply to redundancy pay of three weeks' wages for each year of service.

Some were clearly surprised when the company agreed to increase the offer further to its final point of four weeks' pay, subject to

a minimum total of £2,000 and a maximum ceiling of a £135 a week base for calculation.

The other tack was on union recognition at Wapping. Mr Murdoch first acknowledged and accepted the idea of a review, and was then pinned down on the timing of it after a year. The unions think it is genuine although their activists do not. If things go quietly in this cooling-off period, if there is no trouble, then the union leaders believe there is a real chance that Mr Murdoch might accept union recognition.

It is clearly a gamble, but at this stage of the dispute, it is an option worth having for the unions, even if they do not win when the dice are thrown in 12 months' time.

Much of the work in the seven hours of Monday's talks was in getting things as clear as possible, with the clear knowledge that the offer would go out to ballot, and on that

ballot result would depend the outcome of the dispute.

Hence the five points: the £50m redundancy money; not excluding any dismissed worker from the chance of future employment with the company; the recognition review; the dropping of all legal action; and the transfer to the unions of the whole of the Gray's Inn Road site - worth £5m, according to Unity Trust, the unions' financial institution, as a non-going concern, but rather better than its estimate of £1m for the original portion of the building which formed the company's first office.

For the unions, Mr Willis and Ms Dean indicated that it was the best they could get. For NI, it was more than it needed to do, according to its own lights, Mr Murdoch said that the fresh offer had been "extracted" from him and that the com-

pany did not need to make any offer at all.

True enough, in a sense. But despite NI's radical industrial relations breakthrough, traditional pressures came crowding in to reach a settlement and normalise relations.

In any case, the company has still scored a remarkable achievement. It has slashed costs, brought in new technology, recruited a new workforce and it has no unions - for a year at least, maybe longer.

The process of finishing the dispute will be bitter. Sogat's biennial conference, to be held in less than a fortnight's time just after the ballot result is announced, might well be a bloodbath. But barring some unforeseen development - and the dispute has seen them - over it is.

For the print unions, and for national newspapers, what matters now is how far the Wapping waves will wash.

WORLD ECONOMIC INDICATORS every Monday-Only in the Financial Times

Tokyo now second to London as costliest office location

BY WILLIAM COCH RANE

THE CITY of London has held its position as the world's most expensive office location - but only just, Richard Ellis, the London-based property firm, said yesterday.

Tokyo has moved up in line with the City as the most expensive location, with total occupation costs up from £50 a square foot in November 1985 to £60.1 a sq ft today, the firm said in its half-yearly survey of world rental levels.

The Japanese capital's move represented an increase of more than 20 per cent, and was made up of a 5 per cent increase in rents and a strengthening of the yen against the pound.

Ellis said that the shortage of prime office accommodation in Tokyo's central business district had resulted in firms leasing top quality space in secondary locations, where rents had increased dramatically.

In terms of total occupation costs, mid-town New York ranks third, although the differential between the City of London and New York has widened. Ellis calculates that £38.65 a sq ft for the City and £45.72 for New York mid-town - both of these for the prime office locations in the respective cities.

There had been no growth in the other leading US centres, Ellis said. The US office market has been going through a period of oversupply,

and in dollar terms locations such as Chicago, Los Angeles and San Francisco are all quoted lower than they were six months ago.

The survey reports that rents in most European centres have shown growth over the past six months, the most substantial increases occurring in Madrid, Brussels and Barcelona - three cities which have previously seen little growth in "real" rental values.

Hong Kong rents are flying again after the sharp drop in rental levels during the 1982-84 period. Prime rents in the colony now stand at £27.06 a sq ft, representing an increase of 40 per cent over a 12-month period.

Co-ops in move to lift image

By David Churchill, Consumer Affairs Correspondent

A NATIONAL advertising campaign to raise the image of the co-operative retail movement throughout the UK is being planned by a new trading group of leading co-op retailers.

The advertising will be the first promotional campaign for some years to try to promote the retail co-ops in a general way rather than the fragmented advertising campaigns carried out independently at present by retail co-op societies.

The need for such a campaign will be among the early priorities for the new co-operative trade committee set up in the wake of this year's co-operative congress which finished yesterday in Llandudno.

The committee will comprise the chief executives of the nine largest retail co-ops in the UK, who together control about 60 per cent of the £4.85bn turnover achieved throughout the retail co-op movement. Chairing the committee will be Mr Dennis Landau, chief executive of the Co-operative Wholesale Society (WS). The new trading group will hope to achieve through an informal structure a more unified trading approach for the bulk of the co-op retail movement.

Delegates to the Llandudno congress voted on Monday to continue with long-established plans for creating some 25 large regional co-operative societies.

The need for a new approach to the trading problems of the co-op retail movement was revealed yesterday in the latest trading figures for the Co-op in 1985. Analysis of the figures show that while the co-op retailers were able to hold their volume of trade relatively steady last year during booming retail sales, their performance was still below that of other retail groups. The co-op's total market share of all retail sales fell from 5.1 per cent in 1984 to 4.9 per cent last year.

Minister backs Scottish steel plant

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MR MALCOLM Rifkind, Secretary of State for Scotland, yesterday made a strong gesture of support for the Ravensraig steel complex at Motherwell.

He told journalists that he would continue to fight for the long-term future of the integrated strip steel works, but he would not commit his support past the 1988 reprieve given by the Government to the Scottish mill after British Steel sought its closure two years ago.

"I want to see a healthy, long-term future for a viable steel industry in Scotland and I think Ravensraig can perform a very important part in that future," he said.

Mr Rifkind appeared anxious to put down his market backing Ravensraig five months after succeeding Mr George Younger as the Government's Minister for Scotland.

He confirmed that the final decision about the long-term future of the plant rested with the Government.

"I certainly would assume that any proposals which might involve the continuation or discontinuation of the integrated plants would certainly be the sort of decision which government would be expected to endorse or to decline to endorse," he told journalists in answer to questions.

Mr Rifkind spoke with representatives at Ravensraig and the nearby Dalzell plate works yesterday. He then pressed a button to roll the millionth tonne of plate for the UK offshore oil and gas industry at the Dalzell works.

British Steel has built up a healthy order book for its plate division from the offshore oil industry.

Industry faces shortage of process engineers

BY CHRISTOPHER PARKES

BRITISH chemical and process engineering companies are finding it increasingly difficult to find trained workers, and want government support for the training of professional engineers, according to a survey by Process Engineering magazine and exhibition organiser, Cahners.

More than two thirds of the sample of 149 senior managers said that instrument engineers were particularly hard to find, and about half had difficulties recruiting computer, digital systems and chartered process engineers.

Although 40 per cent said they had increased spending on training over the past three years, the survey report said there was no observable trend towards stepping up in-house training of these specialists to make up for the problems of recruiting from outside.

Half of those asked said they believed that Government support for

the industry should be concentrated on the training and re-training of professional engineers and on research and development.

However, the industry is increasing its capital expenditure on plant and equipment. Almost 50 per cent of those questioned forecast heavier spending over the next three years.

About two thirds singled out automation, control and monitoring systems as major investment areas, with installation of new plant, energy management, plant safety, pollution control and computer-aided design as likely investment targets.

The importance of energy management emerged clearly from the survey, which showed that a quarter of the sample said they had taken specific steps to improve energy efficiency as a direct result of the Government's Monergy '86 campaign.

Philippe Kahn introduces Borland International, the famous European company from America

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THE GIN OF ENGLAND

Advertisement for Eurochem '86 featuring 'CALLING ALL PROCESS ENGINEERS' and listing various engineering equipment like pipes, valves, pumps, compressors, etc.

BASE LENDING RATES

Table listing various banks and their base lending rates, including ARN Bank, Allied Bank, and others.

UK NEWS

Rebuilding plan for City fruit market

By William Cochrane LONDON & Edinburgh Trust (LET) which signalled the present City of London property boom with its successful redevelopment of Billingsgate fish market...

Ford considers switching to use of road transport

By KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT A MAJOR SWITCH from rail to road transport is being seriously considered by Ford of Europe for its factories in West Germany, the UK, Spain, Belgium and France.

Autumn elections to Ulster's Assembly may be cancelled

By KEVIN BROWN THE FUTURE of the Northern Ireland Assembly was in doubt yesterday as speculation mounted that the Government was preparing to present a parliamentary order to cancel elections due in October.

Amerasia Hess International Capital Corporation 6 3/4% Debentures Due 1987. Includes a large table of debenture details and a notice of redemption.

Bank of Ireland announces that with effect from close of business on the 28th May, 1986 its Base Rate for Lending is reduced from 10 1/2% to 10% per annum.

Barlow Rand Limited Interim report to shareholders for the six months ended 31 March 1986. Includes financial statements, results, and a detailed report on the company's performance.

Recording industry waits for a hit. By Jason Crisp. A LACK of good musical hits has meant the UK record industry has seen a sharp fall in demand for singles in the first three months of this year...

Help make it one. VOLUNTARY SERVICE OVERSEAS. Many things divide the world. Some, like hunger and poverty, are all too visible. Others we see less easily...

Egoli Consolidated Mines Limited. Further to the announcement dated 1 April 1986 wherein shareholders were informed of the proposed exchange of the company's 60% shareholding in the Marfin Granite Group of companies...

Profit-sharing alternative studied by ministers

BY PHILIP BASSETT, LABOUR EDITOR

GOVERNMENT ministers are considering another form of profit-sharing as an alternative to the method suggested by Mr Nigel Lawson, the Chancellor of the Exchequer, because of fears about its likely low take-up among employees.

After his notification in this year's budget of the possibility of giving temporary tax relief to employees agreeing to enter into profit-sharing arrangements, Mr Lawson put more detailed, although still sketchy, proposals for such a scheme to the National Economic Development Council (NEDC) last month.

Under the Chancellor's proposals, employers and employees would

agree on what proportion of pay would be linked to profits, and then half of this might be given relief from income tax.

Two levels suggested in the Treasury's NEDC paper were 20 per cent of pay, or 10 per cent - which Treasury officials estimated would mean a weekly tax incentive of about £5 for someone on average earnings.

Preliminary ministerial discussions on profit-sharing now taking place are including estimates on the likely take-up among employees of such a scheme, which its opponents have said would be unpopular because it would place too high a proportion of employees' earnings at risk if profits were poor.

But some ministers are now seriously doubting whether the Government will ever be able to implement a profit-sharing scheme which would cut guaranteed pay by such large proportions.

Accordingly, some ministers are proposing an alternative profit-sharing formula as an option to be considered alongside the Chancellor's suggestion in advance of the planned Government consultative document on the issue currently set for publication in July.

Their suggestion is to blend the idea of profit-sharing with pay increases, particularly if - as they hope - such rises are lower than present settlement levels.

Managers wary over new-style bargaining

By Our Labour Editor

ENGINEERING managers are strongly sceptical about some of the new developments in industrial relations, such as strike-free deals, and prefer instead traditional methods, allied to more confident management practices in which managers now take initiatives in such areas as collective bargaining.

These are some of the broad conclusions of an important new study on industrial relations in engineering carried out for the Engineering Employers' Federation (EEF).

The study is one of the few surveys of how industrial relations has been operating in the recession, and many of its conclusions are likely to confound those ministers who believe that with the fall in the number of strikes in the UK to the lowest level for 50 years, industrial relations problems have all but vanished.

Among the key conclusions of the survey are:

● Sixty-eight per cent of companies surveyed had experienced some form of industrial action over the study's three-year period.

● No companies had sought any legal remedy against any action under the Government's employment legislation.

● Strike-free deals were extremely rare - only one company out of the 53 surveyed featured one - and where managements had a view on them, most were opposed to them or had serious reservations about them.

● Ninety per cent of companies reported that relationships with convenors or shop stewards - who, in the main, they preferred to negotiate with rather than outside union officials - were fairly or very constructive.

● Almost three-quarters of managements had taken the industrial relations initiative on pay offers, on bonus changes and especially on job flexibility and the elimination of demarcation lines.

● Union membership in engineering remains high: 82 per cent for manual workers and 48.5 per cent for staff.

● Despite Government legislation, the closed shop is still widespread.

● Union Recognition and Representation in Engineering, EEF, Broadway House, Tothill Street, London SW1H 9NQ. £10 to members, £20 to non-members.

Rise in share option schemes

BY MANI DEB

SHARE option schemes are growing at a spectacular rate at the executive level, in contrast to the limited growth of all-employee profit-sharing schemes, says a report on the latest trend in pay and incentives.

Since 1984, 1,397 executive schemes had been submitted for Inland Revenue approval, with 482 being approved, by June of last year. By December, the numbers had risen to 1,831 and 1,210 respectively.

In contrast, legislation introduced in 1978 to encourage all-employee share schemes produced only 510 approvals by the Inland Revenue in the seven years to the end of 1985. When separate rules were introduced in 1980, another 499 schemes

were approved, although some of these were in companies that already had schemes under the old law.

The report, in the latest issue of Works Management magazine, poses the questions: Do incentive schemes really work, and do they influence company performance?

The Industrial Participation Association is analysing the results of 400 companies over an eight-year period and a report should be ready by the end of the year. But a pilot study seems to indicate that "companies with profit-sharing perform significantly better than those without."

A survey by Inbucon Management Consultants suggests that incentives are effective at senior levels. Some 95 per cent of companies with such schemes for executives found improved motivation and better cost and profit consciousness.

As most schemes are based on company performance - something that an executive can influence directly - improved motivation is not surprising, says the report.

Lower down the ladder, the link between shopfloor and company performance is not clear. So at this level there is much more ambiguity about the incentive effect of schemes based on company profits.

A survey by Inbucon shows that cash is still the most popular incentive, even at management level.

Lord Chancellor urges closer ties between barristers and solicitors

BY HAZEL DUFFY

LORD HAILSHAM, the Lord Chancellor, yesterday called for more co-operation between barristers and solicitors as the means to head off calls from some sections for the two branches of the legal profession to be merged.

Addressing the first conference of the Bar, Lord Hailsham said: "Mutual hostility between Bar and solicitors, between either and the judicial bench, or between any of these three and the holder of the Lord Chancellor's office, is a sure prescription for disaster, a certain recipe for mutual destruction."

In a strong defence of the Bar as a separate institution, he said: "Specialisation of function is absolutely essential in modern law, and in legal terms corresponds to the division of labour in classical economics. This has nothing to do with restrictive practices or the suppression of competition."

Lord Hailsham was making his comments a few days before the Young Solicitors' group of the Law Society is due to discuss its views on increased rights of audience for solicitors in the higher courts, and proposals to merge the two branches of the profession through a system of common training for

which a small number of lawyers go on to specialise in advocacy.

The Lord Chancellor also dismissed two other points concerning his department which have been discussed publicly - re-emergence of talk of a Ministry of Justice, which he described as "constitutionally very dangerous"; and proposals for judges to be appointed by a judicial appointments board.

On the latter, he said: "There must be parliamentary accountability for the appointment of judicial officers who are in practice virtually immovable."

سكزا من الاجل

New Issue May 28, 1986

All of these bonds having been placed, this announcement appears for purposes of record only.

Republic of Austria

2,000,000 non-interest-bearing bonds due 2016 (total amount of nom. DM 385,000,000)



Offering Price: DM 192.50
Redemption: on May 28, 2016
Listing: Frankfurt am Main in DM per bond

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DG Bank Deutsche Genossenschaftsbank	Dresdner Bank Aktiengesellschaft	Westdeutsche Landesbank Girozentrale
Algemene Bank Nederland N.V.	Banque Nationale de Paris	Bayerische Landesbank Girozentrale
Creditanstalt-Bankverein	Daiwa Europe (Deutschland) GmbH	Deutsche Girozentrale - Deutsche Kommunalbank -
Generale Bank	Genossenschaftliche Zentralbank AG Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
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YORKSHIRE BANK Base Rate

Yorkshire Bank announces that with effect from close of business on FRIDAY 23rd May 1986

Base Rate is reduced from 10 1/2% to 10%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Yorkshire Bank Base Rate will be varied accordingly.

Yorkshire Bank
Head Office
20 Merrion Way, Leeds LS2 8NZ



Base Rate

BCC announces that from 27th May 1986 its base rate is changed from 10 1/2% to 10% p.a.

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Contracts & Tenders

Appointments

UK NEWS

Reuter goes for colour with new terminal for the dealing room

BY ALAN CAINE
 REUTERS yesterday raised its colour market price to a record \$1.20 a line, but also constructed a new screen of information, allowing different pages to be viewed from a single screen and allowing the terminal to be used in any way in the dealing room.

The UK-based international news and financial information supplier launched a new kind of dealing room terminal for the foreign exchange and money markets featuring some of the most advanced display technologies currently available.

They include colours on the screen - the first time Reuter has made such a facility generally available - "Windows", a technique which makes it possible to display more than one page of information on the screen at one time, and the "mouse", a palm-sized box which controls a screen pointer when rolled around the top of the dealer's desk.

The new terminal, which comprises an NCR personal computer, a high-definition colour video screen and the Reuter programmable keyboard, so far accepts only information provided by Reuter in computer language (digital feed).

It allows the simultaneous display of prices, graphs and news on a single screen.

There are other, sophisticated facilities such as a limit-mining facility which dealers can set to alert them when any price reaches a market price of a specified option can also construct a new screen of information, allowing different pages to be viewed from a single screen and allowing the terminal to be used in any way in the dealing room.

Up to five different screens can be displayed at the same time, so that instant real-time comparisons can be made between any of the currencies covered on the Reuter system. Other facilities are expected to be made available shortly in particular information about other currencies could be compared in the terminal.

Reuter was one of the first companies to experiment with financial information supplied on-line. There are 76,000 of its colour terminals in use worldwide.

Monthly rental for the new advanced Reuter Terminal in Art will be £270, plus a licence fee of £1,000. The cost of a complete Reuter Terminal, including the computer, is £10,000. Reuter is now offering 10 computers to the market.

Mr Robert Robertson, Reuter's senior marketing manager, said:

"We believe that this terminal could revolutionise the way in which dealers in the foreign exchange market use their computers."

NOTICE INVITING TENDERS FOR
MEASURING HEAD FOR GUN BARRELS

Sealed Tenders are invited from reputed firms for the supply of Measuring Head for Gun Barrels of various calibres along with accessories. Specifications and Tender Forms can be obtained on written request from the following, citing Ref. No. SW/10/8660005.

High Commission of India
 Director (EDP)
 Supply Wing
 Aldwych, London WC2 4NA

Completed Tender Forms are required to reach us by 3 p.m. on 28th July, 1986.

NOTICE INVITING TENDERS FOR
ELECTRIC DISCHARGE SAWING MACHINE

Sealed Tenders are invited from reputed firms for the supply of Electric Discharge Sawing Machine with accessories and spares. Specifications and Tender Forms can be obtained on written request from the following, citing Ref. No. SW/IR/8640010.

High Commission of India
 Director (EDP)
 Supply Wing
 Aldwych, London WC2 4NA

Completed Tender Forms are required to reach us by 3 p.m. on 28th July, 1986.

EQUITY SECURITIES MARKETING OFFICER

International investment group requires an individual to manage its new city-based equity syndicate marketing unit. Applicants should have at least 10 years' relevant financial experience of UK/European equities, US, Japanese and other foreign offerings, regulatory requirements and business practices of new issues with ability to lead an equity syndicate marketing team. Salary negotiable. Applicants, aged mid-30s, NYSE and NASD registered, should write, enclosing curriculum vitae, to:

Write Box A0160, Financial Times
 10 Cannon Street, London EC4P 4BY

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 3 years lease remaining with option of 9 years. Turnover approximately £200,000 p.a. Price £200,000 only. Opportunity not to be missed, thriving business with disco and beer garden, the only one of its kind in Hong Kong. Reason for sale, other business commitments.

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 10 Cannon St., London EC4P 4BY

Company Notice
HONEYWELL INTERNATIONAL
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 US\$100,000 TO 5 PER CENT.
 GUARANTEED DEBENTURES 1986

Holders of these Debentures are invited to attend the Annual General Meeting for the year ended 31st December 1985. The agenda of the meeting is as follows: 1. Annual Report 1985 and Statement of Accounts. 2. Dividend. 3. Election of Directors. 4. Appointment of Auditors. 5. Other Business.

5 G Watling St. Co. Ltd.
 Watling Street, London EC4A 3DF.
 27th May 1986

ALGERIE - الجزائر
REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
 (Algerian Popular Democratic Republic)
 MINISTRY FOR ENERGY & CHEMICAL & PETROCHEMICAL INDUSTRIES
 NATIONAL OIL EXPLOITATION COMPANY
 NOTICE OF INVITATION TO TENDER
 NUMBER 9230.AY/MEC

The National Oil Exploitation Company is launching a national and international open invitation to tender for the supply of:

DIESEL MOTOR PUMPS ON SKID

Companies interested in bidding may obtain the Specifications on payment of 400.00 Algerian dinars from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITES
 16 ROUTE DE MEFTAH, OUED SMAR
 EL HARRACH, ALGIERS, ALGERIA
 DIRECTION DES APPROVISIONNEMENTS

with effect from the date on which this notice is published. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail, to the Secrétariat de la Direction Approvisionnement at the above address.

The outer envelope should not bear any mark that might identify the tenderer, and should read: "APPEL A LA CONCURRENCE INTERNATIONALE NUMERO 9230.AY/MEC." (CONFIDENTIAL - A NE PAS OUVRIER). The final date for receipt of tenders is fixed at 45 days from the first publication of this notice.

Selection will be made within 180 days of the closing date of this invitation to tender.

ALGERIE - الجزائر
REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
 (Algerian Popular Democratic Republic)
 MINISTRY FOR ENERGY & CHEMICAL & PETROCHEMICAL INDUSTRIES
 NATIONAL OIL EXPLOITATION COMPANY
 NOTICE OF INVITATION TO TENDER
 NUMBER 1185/6J/MEC

The National Oil Exploitation Company is launching a national and international open invitation to tender for the supply of the following equipment:

SPARE PARTS FOR GBH 280 TRUCK

Companies interested in bidding may obtain the Specifications on payment of 400.00 Algerian dinars from the following address:

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITES
 16 ROUTE DE MEFTAH, OUED SMAR
 EL HARRACH, ALGIERS, ALGERIA
 DIRECTION APPROVISIONNEMENTS

with effect from the date on which this notice is published. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail, to the Secrétariat de la Direction Approvisionnement at the above address.

The outer envelope should not bear any mark that might identify the tenderer, and should read: "APPEL A LA CONCURRENCE INTERNATIONALE NUMERO 1185/6J/MEC." (CONFIDENTIAL - A NE PAS OUVRIER). The final date for receipt of tenders is fixed at 45 days from the first publication of this notice.

Selection will be made within 180 days of the closing date of this invitation to tender.

Electricians and Sharp prepare no-strike deal

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the EETPU electricians' union expect to reach shortly another of the union's controversial strike-free deals - again with a UK-based Japanese electronics company.

The union has concluded an outline agreement with Sharp UK for its television and microwave appliance plant at Gresford, near Wrexham, North Wales.

Sharp has given the EETPU electricians the right to elect a representative to the union in principle. The two sides will now proceed to working out in detail the details of the arrangement.

The eventual deal is likely to feature the elements of the strike-free package that the union has agreed at other electronics companies - the pendulum arbitration strike-substitute method of resolving disputes, a

single union and a joint committee to manage the plant.

Mr Tony Little, personnel manager at the plant which employs about 240 people but expects to expand to about 300 by the end of the year, said that the company had been attracted by the EETPU's strike-free package.

Mr Roy Sanderson, EETPU industrial engineering officer, said he was delighted at the Sharp understanding. He said: "There is no doubt that our agreement stems from the modern and progressive approach that our union adopts to industrial relations. It is another confirmation that the EETPU is the union for the high-technology industry."

How research into the effects of vitamins is producing new ways of using them.

Vitamins have a vital influence on metabolism, affecting many important body and nerve functions.

The more we learn about these relationships, the more we will be able to advance the fight against disease.

BASF, as one of the world's leading vitamin manufacturers, is engaged in this important scientific quest and is conducting research on an international basis.

Examples of this are two long-term studies currently being undertaken in collaboration with Harvard University.

The first study is concerned with cancer prevention techniques; the objective is to discover whether beta-carotene, also known as pro-vitamin A, and vitamin E in combination with selenium can provide protection against the formation of tumour cells.

The second study is an examination of the effectiveness of vitamin B6 as a protection against coronary diseases.

Such is the hope attached to the outcome of this research that 20,000 doctors and nurses are participating in these two major epidemiological surveys involving

The use of BASF vitamins... Since... For instance... Here too... Fortunately... Vitamin research by BASF: a world leader in vitamin manufacturing and know-how.

Handwritten Arabic text at the bottom of the page.

THE ARTS

Television/Christopher Dunkley

It couldn't happen off the set

Theories about television abound, most of them derogatory. We are told it is responsible for the decline of society...

The pictures we are offered is like the infinitely reflecting series of images which appears when you point one mirror at another...

So far as time spent viewing is concerned, the usual seasonal reduction is under way now that the evenings are lighter and the weather warmer...

So far as television's fascination with itself is concerned, the current favourite example is the new comedy series, and here too there is clearly some truth in the theory...

The most recent programme to adopt the habit is Naked Video, a BBC2 series. It is like a Kick Up The Eighties, by BBC Scotland...

thaurb it looked like another telly-joke, when Helen Lederer and Tony Roper read a series of gags off cue cards which, it seemed from their eyes...

That programme was a repeat, as was The Kenny Everett Television Show an hour earlier on BBC 1...

When Tommy protested during Saturday's Cannon and Ball that Bobby had mixed up all the clothes in the washing machine...

When Tommy protested during Saturday's Cannon and Ball that Bobby had mixed up all the clothes in the washing machine...

When Tommy asked what was Rudy Rignlin's most famous creation Bobby replied "Easy: he made exceedingly good cakes."

Those who claim that the difference is one of degree and that television comedy seems to deal nowadays exclusively in television jokes are exaggerating to a degree...

Instead the targets were university bureaucracies and the medical profession, and while neither seem particularly original as subjects for comedy...

Instead the targets were university bureaucracies and the medical profession, and while neither seem particularly original as subjects for comedy...

Particular Practice, with Dr McCann cleverly diagnosing psychosomatic abdominal pains caused by homesickness...

So, although the "alternative" comedians may seem ubiquitous (incidentally, what ever happened to the new young professional comedians such as Jasper Carrott, Michael Barrymore and Phil Coulter?)...

Certainly many people do spend huge amounts of time in front of the box, hours which their parents and grandparents would not have afforded...

Vanessa Redgrave's first Cleopatra was an unhappy outdoor affair at Sam Wanamaker's Bankside Globe mostly memorized for a scowling Octavius and a lot of black leather...



Timothy Dalton and Vanessa Redgrave

Antony and Cleopatra

Michael Coveney

Vanessa Redgrave's first Cleopatra was an unhappy outdoor affair at Sam Wanamaker's Bankside Globe mostly memorized for a scowling Octavius and a lot of black leather...

This great play has received few successful productions in recent years and while this effort has a few rough edges, it is as well to remember that the RSC has failed twice in the past decade despite the redoubtable trilogies of Jackson, Howard and Brook...

It also offers an appropriate general area for a passionate affair conducted in the full public glare of political acrimony...

stands this less well than does Dalton's Antony, a charismatic emotional soldier whose mid-play disappointments are particularly well handled...

The kissing away of kingdoms and provinces becomes, for once, just that, with the doomed couple breaking the ties of mortality to renew the river Cydnus encounter on the other side...

For Redgrave covers the whole range of this role: its beauty, sexuality, pliancy and energy. "I'm quickly ill and well" is exactly what she is, greeting Fulvia's death with mocking laughter, jauntiness only modified by wearing a long, flowing wig to learn of Octavius's plans...

Pacific Ring II

Dominic Gill

Last Saturday I described on this page some of the more Casanova elements including those provided by the presence of John Cage himself—in San Diego's Pacific Ring Festival, mounted by the music Department of the University of California San Diego...

Founded in 1972 with a Rockefeller Foundation grant, CME is the only arts-oriented research unit in the nine-campus University of California system...

Another important part of the research at CME has been dedicated to the development of a sophisticated computer system designed explicitly for musical purposes...

It was characteristic too of the Pacific Ring programme that beside the works of the Center for Music Experiment it should also take place—a kind of salutary mirror image—parallel work from the South American continent undertaken with minimal resources and virtually no use of the new technology at all...

handedness, for the elegance with which technical problems were solved and the ease with which they were overcome.

For the sheer polish of their composing and performing technique they were among the best student concertists that I have heard. Not all by any means used technology any more recent than the 18th-century violin, although some others, by contrast, may have been composed digitally on quadrophonic tape—but each unfolded with the same stride and confidence...

An afternoon concert on the theme of "Technology" introduced the work of the video artist Ed Emshwiller—a truly, absolutely enchanting, absolutely stunning, for video synthesis alone, and an impressive collaboration with the composer Roger Reynolds called Verifico...

It was characteristic too of the Pacific Ring programme that beside the works of the Center for Music Experiment it should also take place—a kind of salutary mirror image—parallel work from the South American continent undertaken with minimal resources and virtually no use of the new technology at all...

Orellana builds his instrument almost out of what materials are most easily and cheaply available, bamboo, metal, glass and porcelain. His home-made orchestra (miraculously transported whole and undamaged from Ciudad del Carmen) was like a miniature bamboo symphony—and indeed in its procedures seemed to imitate (whether consciously or no) many of the well-established electronic techniques. Hibrido was an exhilarating experience, as much for the performers (mostly from USC) as the audience: a bolt of high-voltage electricity without meters, plugs or wires. No me was quite sure: a message from the present to the past?



The TV-inspired Sport Aid run in London on May 25

Gail Thompson/100 Club

Kevin Henriques

Tenor-saxist Gail Thompson is among the flurry of young British jazz musicians who have been causing a stir in recent years, signalling, one hopes, the nucleus of the next generation of quality local jazzmen/women...

fronted on Sunday the 100 Club, Oxford St. This is an all-woman sextet, comprising four saxes, (two tenors, two alto—one doubling soprano), conga drums and bass guitar...

arranged in a thoroughly interesting way. The soloist is often supported by the other saxes riffing and interjecting meaningfully. Solos are not taken in the same order and the programme is varied in mood and tempo...

ent of Lee Konitz than Charlie Parker, and her obvious belief in the importance of spaces in improvising, made her the most captivating of all the musicians, notably on her feature, "Autumn Leaves."

By not complicating the interpretation of Verdi's Oello caries on regardless. (437 1582)

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novel harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago...

South Bank Summerscope '86

The theme of this year's five-week season of music in the Elizabeth Hall and Purcell Room will be a musical celebration of the 20th century, and on July 23 with the Arc...

from Schoenberg to Broadway, the London Sinfonietta Voices with the Songmakers Almanac will present the history of this century through song...

Saleroom/Antony Thorncroft

Garden ornaments

Today, in the garden of its Billingshurst auction room in Sussex, Sotheby's holds its first auction of garden statuary and architectural items. It is a massive sale, with more than 500 lots on offer...

provenance raised them well above the £800 top estimate. A pair of Indian white marble side tables from Jaipur, the bottom estimate, has been estimated at £4,800...

Michael Crawford to return as Opera Phantom

The room only dated from the late 18th century but it had pretensions: even so the price was slightly below the bottom estimate. It has been sent for sale by the hotelier Nevvar Hickmet, who was one of the biggest private collectors of architectural fittings which he placed in his hotels...

After recently closing his long run with Bournemouth Michael Crawford made a speedy return to the West End in autumn playing the part of the Phantom in Andrew Lloyd Webber's musical adaptation of The Phantom of the Opera, which opens at Her Majesty's Theatre on October 9, previews from 1st September...

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Theatre

NETHERLANDS

Eindhoven, Schouwburg, Chengdu Puppet Theatre from China (Wed, Thur), (11 11 22).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically fine, but classic only in the sense of a rather staid and overblown idea of theatricality. (238 8222).

42nd Street (Majestic): An inmodest celebration of the heyday of Broadway in the 30s incorporates genre from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (238 6200).

La Cago aux Folles (Palace): With some tenuous Jerry Herman songs,

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (635 6100).

LONDON

Lead Me A Tenor (Globe): Fresh and energetic production of the American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Oello caries on regardless. (437 1582)

Starlight Express (Apolo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hip gospel. No child is known to have asked for his money back. (834 8164).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 1081).

Torch Song Trilogy (Albany): Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tautly uneven writing. (836 3878).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new plays of the year. (734 1182).

LONDON

Lennox (Astor): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 5277).

Are You Lonesome Tonight? (Phoenix): More musical biography with Alan Blazevski's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and floppy King in crushed velvet jumpsuit has reached this pretty past. Exploitative, but not strictly for tourists. (835 2294).

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novel harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago...

Blithe Spirit (Vaudeville): Excellent revival of Noel Coward's smart comedy about a novel harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago...

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

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Wednesday May 28 1986

Thatcher plea for dialogue

There are few western leaders who in the space of a few months have been cheered through the streets of a Palestinian refugee camp in Jordan and through the streets of Israel. Mrs Margaret Thatcher, the British Prime Minister, has demonstrated the capacity to be welcomed on both sides of the Arab-Israeli divide and by so doing has helped to keep alive a glimmer of optimism that this dangerously intractable conflict is capable of a negotiated solution.

Her visit to Israel which concluded yesterday was a success within the limited objectives she set herself. Mrs Thatcher's mission was to develop a relationship with Mr Shimon Peres, Israel's Prime Minister, and to be heard at first hand from Palestinian leaders their assessments of life under occupation on the West Bank and Gaza and their views about how best a peace process can be reconstructed. In itself, not a great achievement. Yet given the history of the region, the collapse of the initiative headed by King Hussein of Jordan, and the most recent increase in tension between Israel and Syria, a useful reminder that there is an alternative to bloodshed.

With Britain about to take over the Presidency of the EEC, Mrs Thatcher is well positioned to develop these contacts. She is perceived in the Middle East as a strong leader, a quality that is much admired in the region. Her sympathies for Israel have been well charted in the Arab world but so too has her respect and admiration for men such as King Hussein.

Broader support

During her trip to Egypt and Jordan last autumn the Prime Minister invited two members of the Palestine Executive Committee to London for talks with Sir Geoffrey Howe, the Foreign Secretary. Although the talks did not take place, no blame attached to Mrs Thatcher. She had made the gesture, which entailed a degree of political risk, and that has been remembered. In Israel, Mrs Thatcher has also been listened to with attention, even though there are substantial differences in the views of the two governments. Her call for elections on the West Bank and Gaza was quickly rejected but there was broader support in Israel (and

across the river in Jordan) for her plea for "representative" Palestinian leaders.

In the weeks ahead Mrs Thatcher will have the opportunity for further consultations in London with King Hussein and, as importantly, to urge on President Reagan the need for the Administration to resume a more active diplomatic role in the region. On her own, or even within the EEC context, Mrs Thatcher cannot hope to rival the influence and political weight of the US. But as the Prime Minister has shown, even quite small gestures contribute to an easing of tensions and help to sustain those courageous individuals who are under constant threat from the actions of the radical minority.

Next step

In the highly-charged atmosphere created by terrorist outrages it is easy to forget the excitement and hope that accompanied President Sadat on his trip to Jerusalem. Whatever happened subsequently, it was an event that defied conventional Middle East pessimism on its head. Hitherto bitter enemies can talk to each other, negotiate and at least partially agree.

It is equally easy to forget how close King Hussein came to an agreement with the PLO leadership in February and the pledges that the US had made if there was a joint Arab approach on the basis of recognition of Israel and a renunciation of violence. The alternative of course is to continue the slide towards the next inevitable outbreak of hostilities. It is wrong and dangerous to argue, or assume, that some sort of "understanding" can be achieved which would result in a uneasy but no-war situation. There is no dead-centre for the Middle East political pendulum and if it is not being pushed in one direction it will assuredly swing rapidly towards the other.

The match has recognised this danger with her insistence that dialogue, any dialogue, has to be continued. Having assumed some of the responsibility, the Prime Minister will need to chart her next step perhaps a message to President Assad of Syria whose sensitivity to accusations of international terrorism and dire economic difficulties at home could make him more responsive to a hint of conciliation.

Flexibility in labour markets

Economists are constantly arguing that unemployment is high in Europe and elsewhere because labour markets are not sufficiently flexible. Indeed, the need for labour market flexibility has been adopted almost as a slogan by many governments. The argument about the importance of flexibility is rarely, however, spelt out in detail. The result is that many people are unsure which rigidities matter, how they can be removed and whether reforms would in fact create many new jobs.

Some of these doubts should be lifted by an OECD report on labour market flexibility which is being published today. The study is the work of a group of experts led by Professor Ralf Dahrendorf, the sociologist and former director of the London School of Economics. The study examines company chairmen, labour relations experts, and the former leader of a large US union.

No substitute

Professor Dahrendorf and his colleagues seem well aware of the dangers of preaching to the converted. Their arguments are sensibly designed to appeal to groups—perhaps the labour movement in particular—which are often sceptical of the doctrines of market economics. The study stresses that the removal of rigidities is no substitute for appropriate macro-economic policies and that economic efficiency cannot be regarded as an end in itself.

Various sources of labour market flexibility are scrutinised in the Dahrendorf report. On some types of rigidity—for example, the wage-setting mechanism—its conclusions are familiar enough. It points to the importance of wage moderation and draws attention to the need for wage differentials. It argues that two types of differential are particularly important: those between adult and young workers and those between workers at different skill levels.

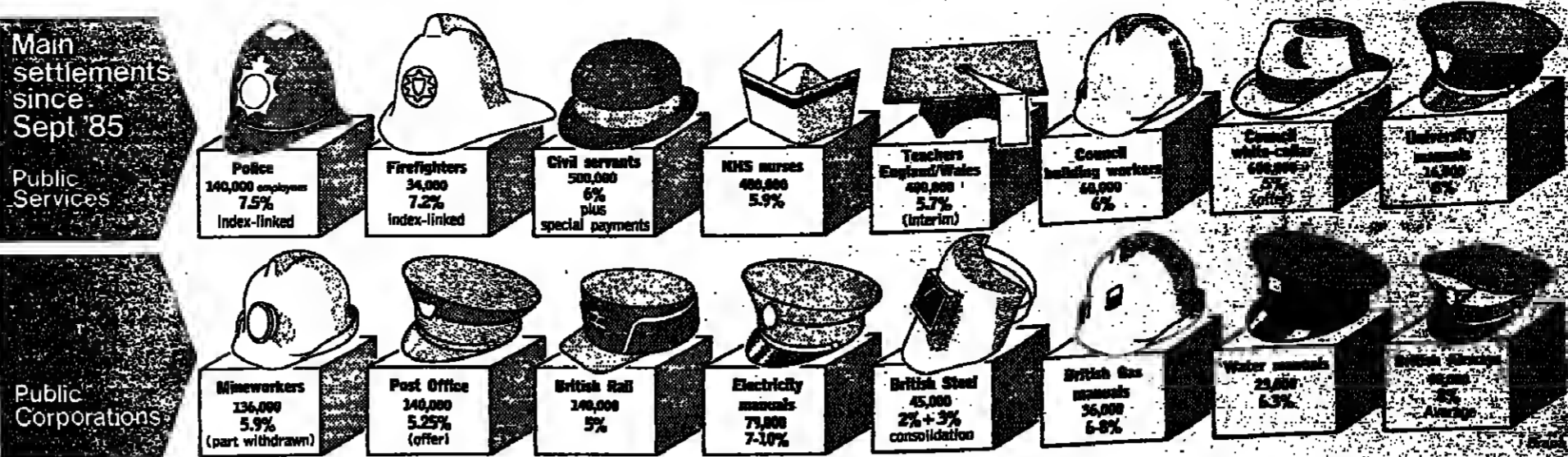
The study is more original when it addresses the issue of worker mobility and conditions of employment. On the latter, it points out that job security

is a legitimate and widely sought-after reward of employment and that many workers are willing to trade pay for increased security. The problem is that although employment protection laws confer genuine benefits to individuals, they also tend to result in higher average labour costs for employers. The right balance between the conflicting requirements of security and flexibility will depend upon a country's particular history and institutions.

The OECD investigators draw an important distinction between internal and external worker mobility. Internal mobility occurs when a worker changes his location or function within an organisation; external mobility occurs when a change of company or employer is involved. The two types of mobility are close substitutes: the report points out that Japan's low unemployment is primarily a reflection of very high internal mobility; America's a reflection of high external mobility. Europe suffers high unemployment because it lacks either sort of mobility.

External mobility is impaired because pensions are not fully transferable (the UK's system of company-based pension schemes presents special problems) and by sclerotic housing markets. Internal mobility is hampered by companies' failure to invest sufficiently in education and training and by individuals' unwillingness to adapt. Professor Dahrendorf and his colleagues argue that better internal mobility is a particularly important goal for Europe because it resolves conflicts between job security and labour market flexibility.

The report sounds one clear warning: that people tend to rely excessively on governments as agents for change. In fact, "the scope for further action by governments in matters relating to labour market flexibility is limited." The implication is that the removal of rigidities—and thus to some extent the reduction of unemployment—rests in the hands of individuals and companies and their willingness to adapt to changing economic circumstances.



UK PUBLIC SECTOR PAY

The door opens just a little

IT IS eight months since the Confederation of British Industry warned of a pay "breakout" in the public sector unless UK companies moderated their wage settlements and halted the disproportionate rise in earnings of private sector workers.

The authors of that CBI pay presentation, given the ominous title Make or Break, will not be surprised at two developments last week: the agreement giving power workers 6.5 per cent on basic rates and as much as 10 per cent overall in some cases; and the announcement of pay review body awards averaging 6.5 per cent to 8.2 per cent in a full year for nurses, doctors and dentists and the armed forces.

It is, admittedly, far too early to say there is any kind of pay pact in the public sector. But there are clear signs of an increase in the general level of basic wage settlements, bringing them closer to the 6 per cent in the private sector and the 7.5 per cent increase in average earnings for the economy as a whole.

Indeed, Industrial Relations Services, a pay research group, has gone as far as to suggest that pay rises in the public sector are outstripping those in the private sector for the first time since the start of the decade: over the 12 months to April, IRS says, the median level of increase in the public sector was 7 per cent, compared with a median of 5.5 per cent for private sector companies and 5.9 per cent in industry-wide private sector agreements.

Other pay analysts challenge this assertion. Nonetheless, few would deny that many, if not most, public sector workers are earning better than at any time since 1980 when the Government wound up the commission on pay comparability headed by Professor Hugh Clegg. The problem is that the Government's continuing re-assessment of pay policy priorities, the squeeze is not what it was.

whether negotiations later in the present pay round in so far as there still is such a thing as a clearly-identifiable bargaining season) will be influenced more by lower inflation than by earlier settlement levels.

Consider the power workers: although an offer of 5.5 per cent was on the table, the unions involved were able to win a majority of almost 72 per cent in favour of industrial action in a pre-strike ballot. Had the employers earlier offered 6 per cent, comparable with the basic settlement in British Gas, the ballot might well not even have been held.

Armed with a majority of power supplies for the first time since 1970, the unions were able to come away with what they called "a first-class package" comprising: 6.5 per cent on basic rates; enhanced overtime rates giving a craftsman £2 a week extra for four hours' additional duty; a lump sum of £50 a head to compensate for a three-year freeze of overtime rates; a full grading scheme; and a commitment by the employers to look again at the possibility of overlap between manual and white-collar supervisors jobs.

No doubt the power workers were motivated to an extent by a resentful feeling of never having been rewarded for their loyalty in keeping power stations open during the year-long miners strike. But there can be little dispute that their settlements are a blow.

At the same time, the Government's own pay review body under way after a false start. That deal has had a direct knock-on effect on negotiations this year for university teachers, who also won 8 per cent and on continuing talks for 250,000 NHS ancillary workers, who expect similar treatment. Their basic rates remain low by almost any standards. As the local authority leaders put it: "ministers, at their meeting two weeks ago, a lot of money appears to be finding its way into pay packets."

Such projections will be noted by, among others, leaders of the Union of Communication Workers. They have rejected the Post Office's wage offer of 6.25 per cent—only 4.8 per cent out later this week. "The immediate prospects suggest that the underlying rate of increase in average earnings will continue to run at 7.5 per cent, some 4.5 per cent ahead of current inflation. This is because a narrower, marginally lower range of basic increases is being topped up by other payments such as incremental progression, scale restructuring, merit and performance pay, profit-sharing and flexibility payments."

David Brindle finds tentative signs that public sector workers are regaining the initiative

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South Africa's 'Terre' Blanche

Rip Van Winkle is alive and well in the rural Transvaal, heartland of Afrikaner Boer country, which is desperately trying to turn back the clock to a time of rural abundance and return to the simpler days of the 19th century when the Afrikaners reigned supreme and "kaffirs" knew their place.

In the tiny dorps and isolated farms of the high veld, the new hero is Eugene Terre'Blanche, leader of the right-wing paramilitary Afrikaner Weerstandsbeweging (AWB). With his grey beard, piercing blue eyes under bushy brows, this 43-year-old ex-police-man from the Transvaal farming district of Ventersburg west of Johannesburg, is the archetypal Afrikaner, descendant of that tough breed which trekked north out of the Cape in the 1830s and carved out their own God-sent, Bible-punching republics.

Since 1948, the whole of South Africa has been ruled by the predominantly Afrikaner National Party. It seemed that the Afrikaners had finally won back their land from the British who defeated the Boer republics in the Boer War.

Now men like Terre'Blanche are accusing the Nationalist Government of selling out the Afrikaners' birthright with their policy of reforming apartheid and sharing power with blacks.

Last Thursday Terre'Blanche and his "Storm Falcons" punched and kicked their way on to the stage at the somewhat appropriately named "Jack Boles Hall" in Fleuryburg. Instead of Foreign Minister Pik Botha, it was Terre'Blanche who got a delirious reception. Last night Terre'Blanche was due to return to the scene of his triumph and address an AWB rally in the local rugby stadium. And the AWB has called on rightwingers from across the country to gather on Saturday at the Voortrekker monument in Pretoria to dedicate themselves to the struggle. Once again Afrikaners are

Men and Matters

embroidering themselves in a "Broder-twis" — a fraternal struggle which is all the more bitter for being within the family. It seems like a replay of the divisions which broke out towards the end of the Boer War between the "Hensoppers" — literally "hands-uppers", who were prepared to sign a peace treaty with the British, and the "bitter enders", who vowed to fight on.

The main difference is that this time round, the black majority is no longer a passive onlooker but is itself deeply involved in the complex power struggle for the future of South Africa.

Employees at the two institutions have chosen an odd time to demonstrate their dismay. By staying away from work on the Memorial Day weekend they have simply encouraged the impression that they wanted a few extra days rest, bolstering their image as a pampered elite.

The message being sent by Baker and the US Treasury is clear. With Washington in the throes of budget-cutting, the multilateral lending institutions are in for a rude awakening.

The Bank is widely seen to be overstated. Alongside the scores of dedicated workaholics who will deserve every cent of their merit rises are too many bureaucratic paper-pushers. Many Bank sympathisers in Washington argue that this needs to change too if the institution is to function efficiently.

Lord's justice

When Ian Botham appears before the Lord's disciplinary committee tomorrow, the Somerset and England all-rounder will at least know that the chairman of the hearing is a man who also enjoys his cricket, albeit at a lower, amateur level.

Peter Bromage, senior partner in Everhead and Tomkin-

Harvard Securities Group PLC

INTERIM STATEMENT

Unaudited Group Results for half-year to 31st March, 1986	Half-year to 31st March 1986	Half-year to 31st March 1985	Year to 30th Sept 1985
	£000	£000	£000
Turnover	32,378	36,546	59,426
Profit on Ordinary Activities before Taxation	928	768	1,545
Taxation (estimated)	(286)	(227)	(86)
Profit after Taxation	640	541	1,479
Dividend	(150)	—	(150)
Retained Profit	490	541	1,329
Dividend (net)	0.50p	—	0.50p
Earnings per share	2.13p	1.90p	4.93p

The shares will become Ex-Dividend on 2nd June, 1986. The results incorporate dealings up to 11th April, 1986.

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Tom Wilmot (Chairman) 20th May, 1986
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Observer

UK SHIPBUILDING The seeds of decline

By Correlli Barnett

AS WE listen to the present death rattle of British shipbuilding we should not imagine that it has simply fallen victim to a sudden but disease or mugging by the South Koreans. Rather its obituary should read: "After a long illness, self-induced, for a century and a half, the world supremacy between 1870 and 1914 the industry already suffered from potentially lethal shortcomings. It built ships as the Middle Ages built cathedrals — one off — custom jobs put together by swarms of craftsmen of many skills under the direction of self-taught 'practical men'."

By 1914 union demarcations had proliferated to 90, constituting a maze of inter-union squabbles and strikes, while family management was content to do what grandfathers did, showing little interest in technical research, training or innovation. Already the layout and equipment of British yards struck foreign observers as antique.

It is therefore no wonder that when, 30 years later—in April 1944, the Labour First Lord of the Admiralty in Churchill's coalition Government, A. V. Alexander, submitted a memorandum on British shipbuilding's post-war prospects he diagnosed its fundamental weakness as "a tendency towards what I may term the fossilisation of inefficiency." In fact, as Alexander well knew, the industry's performance during the Second World War had demonstrated that this fossilisation was already much more than a "tendency". It was an accomplished and all-pervasive fact.

By 1942, lagging production in the shipyards and soaring U-boat sinkings of merchant ships in the Atlantic had prompted urgent investigations into what was wrong with the industry, and that might be done to boost output. A committee under Robert Barlow, a leading industrialist, reported scathingly in July 1942 on the attitudes of management and workforce alike.

In certain yards we found an atmosphere based upon an inadequate appreciation of the urgency and gravity of the national situation. In some cases the management did not fully appreciate the necessity for greater effort. A similar outlook was observed in the attitude of the union representatives.

Barlow wrote personally to the Minister of Production that "a degree of complacency among all concerned permeates the whole field of production." But such complacency even while Britain was fighting the battle of the Atlantic was not the only factor making for poor productivity; in the Barlow Committee's opinion, the second factor lay in sheer slacking on the part of the workers. Our attention was drawn to what has become a custom whereby workers delay starting work until 10 or 15 minutes after the due time and begin making their way to the gates in 15 minutes before stopping time."

A second report, in September 1942, by a team under a distinguished engineer, Cecil Beetham, analysed the industry's technological shortcomings no less bleakly. Beetham's committee found management to be deeply conservative, with minds stuffed with Victorian technical prejudices, and professionally incompetent to manage complex processes.

"The planning of the work and the operation of the shipyard does not appear to have made much progress in the last 20 years," it reported.

There was little standardisation of vessels or components or engines. But in urging much more standardisation and prefabrication (like American "Liberty" ships or German U-boats), the Beetham Committee warned that a major obstacle lay in the lack of adequate cranes and of space for assembly of large sections. British yards were mostly equipped with 3-5 ton cranes, whereas the Beetham Report called for 15-ton cranes which compared with the 20 tons then usual in German yards.

Though some modern machine tools had been installed in recent years, wrote the Beetham Committee, the effect is rather to show up how very much out of date is the remainder of the plant. The bulk of the machines in some

works is left over from the last war or previously. Numbers are in use over 30 years of age and are unsuitable for present-day cutting speeds, unskilled labour, accuracy, convenience... These 1942 reports led to the most ambitious programme of capital investment in British shipbuilding for at least half a century. The programme included machine-tools and nearly 200 modern cranes installed by 1944 at a cost of £6m. Yet output of ships continued to lag behind the lower production targets. For management stubbornly resisted new methods like prefabrication or flow-line production of standard types and because of its weakness and incompetence failed to make optimum use of labour. The craft unions for their part did their best to obstruct technological change and preserve restrictive practices and over-manning.

"Dilution" with unskilled or semi-skilled labour spurred the most dogged obstruction of all, especially by the Boilermakers' Society. In the words of a Ministry of Labour memorandum in 1943, "whenever dilution is raised, an additional man (needed as a 'mate' on pre-war hand-riveting) had to be employed as well.

The craft unions had exercised just as rigid a brake on technological change and productive efficiency in the days of Britain's world shipbuilding supremacy before the 1914-18 War. Between 1890 and 1893, for example, there was on average a major strike every month on the Tyne over questions of demarcation.

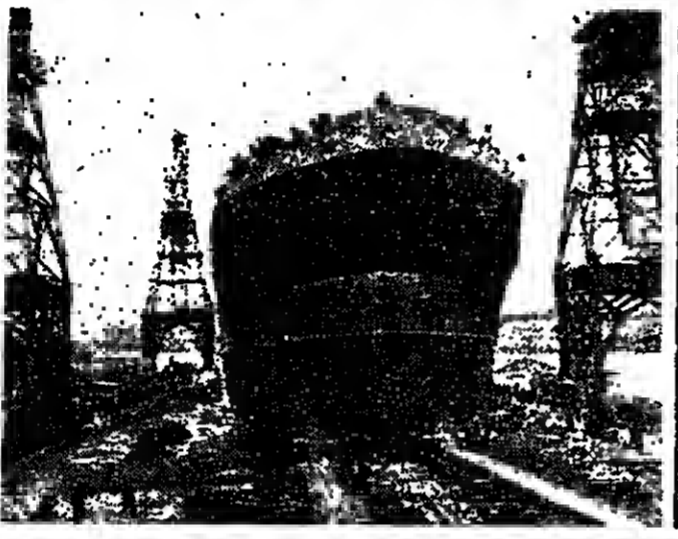
British shipbuilding therefore emerged from the Second World War with £6m worth of new equipment but with its fundamental shortcomings absolutely intact. It is no wonder that in July 1944 the Cabinet Reconstruction Committee concluded that while the prospects looked promising for the next eight to ten years, this period of grace ought to be employed in curbing its long-term efficiency. The forecast proved remarkably accurate, for it was in 1954 that German exports of ships first passed the British total, and 1955 that Japanese exports did likewise.

As the Cabinet Reconstruction Committee had feared, the industry, built by the better order book in its history, had indeed succumbed to "the fossilisation of inefficiency." Even in the face of a fall in world market share of more than three-quarters between 1955 and 1970, management and unions alike stubbornly perpetuated such fossilisation. In 1972-73, nearly 500 manhours were lost on average each year through strikes.

It took the industry's deathbed in the late 1970s and 1980s to bring about its repentance, and even then only a half-hearted one. There was a belated adoption of standard ship designs and series production together with limited concessions by the unions over demarcation and the manning levels. But in 1981 productivity fell to only half the 1970 level. Not until 1984 was a comprehensive agreement reached with the unions about interchangeability between skills — and even then it fell short of the complete flexibility between all types of skills customary in Far Eastern yards. And meanwhile, with order books shrinking and the world market slumping, the British shipbuilding industry was still delivering months and even years after the due dates.

Given the record, therefore, we need feel no obligation to weep at the graveside of the industry, let alone to contribute to the funeral costs.

Correlli Barnett's latest book, *The Decline of the British Shipbuilding Industry*, is published by Macmillan at £14.95.



SRI LANKA The killings mount

By John Elliott, South Asia Correspondent

CHANDRA SIRI, a 14-year-old Sinhalese boy, escaped death last Sunday in north eastern Sri Lanka when he fell to the ground fast enough to avoid a bullet that killed 10 relatives and friends. Living beneath the bodies on the edge of an irrigation ditch, he escaped again when Tamil extremists lifted the heads of some of the dead and shot off the sides of their faces.

Jodra Kumari, a 10-year-old Sinhalese girl, also escaped by fogging death when her grandmother and newly married uncle and aunt were shot and dumped in their hazing home in the same village of Siripiri, a few miles from the port of Trincomalee.

A few hours later both children described the massacre to visiting journalists. The 20 who died in Siripiri brought to over 4,000 the estimated toll of civilians, security personnel and extremists who have died in ethnic violence between Tamils and Sinhalese during the past three years.

The attacks jarred the peace and festivities of a major Buddhist festival being celebrated by the majority Sinhalese people. The night before, seven people were shot and hacked to death while preparing to go to a 2nd century Buddhist shrine.

All were victims of Tamil extremists who want to drive the Sinhalese to the south of the island and strengthen their claim to an independent Tamil state — a large measure of devolution — in the northern and eastern provinces of this small country.

"It is a massacre to instil terror and destabilise Sinhalese settlements in Trincomalee," said Gen Sepala Attigalle, Secretary for Defence. Other army officers suggested Tamil extremists, who are accused of raising funds through narcotics trafficking while taking drugs themselves before raids. "How else could they hold a child on a pillow and chop his face with an axe," asked Mr D. M. Ariyaratne, the local government minister.

Tamils claimed the violence could have been a reprisal for a little-reported attack on 50 Tamil houses by the Sinhalese home guard. This armed civilian body was set up last year to protect Sinhalese people being settled in Tamil areas, a controversial move which is changing the local ethnic balance.

But whatever the motivation, the atrocities shocked even supporters of the Tamils, as did Tamil bomb attacks on an air Lanka airliner and a central telegraph office in Colombo earlier this month when 30 people died.

This sharp escalation of violence appears to have been aimed at upsetting peace efforts which seemed to be heading for some success earlier in the month.

The violence is not only between Tamils and Sinhalese. Another 200 to 300 were killed this month when rival Tamil groups fought a bitter war in the northern peninsula of Jaffna. Security forces then attacked in an attempt to end the extremists' virtual control of the peninsula, killing 80. Local people claim another 50 civilians died in that attack.

This week Mr Ronnie de Mel, the Finance Minister, has for the first time had to cut his five-year rolling development plan which is already 7.5 per cent lower than earlier targets. The cut is because defence expenditure has risen 15-fold since President Jayawardene came to power in 1977. In the last two years it has almost tripled from Rupees 3.6bn (£85m) to Rs 10bn.

Tourism receipts on an island which is a holiday dream with a temperate climate all year, wooded mountains and ancient Buddhist cities and shrines, have fallen by 33 per cent in three years. Tea and other commodity prices that propped up the economy in 1983 and 1984 have dropped sharply.

Foreign aid has stagnated because of more promising development potential in other countries and because of concern about the government's apparent inability to decide that it really wants a peaceful rather than a military solution.

Foreign investment has slowed to a trickle and may be further hit following the bombing of a part-Japanese owned cement factory last week.

Sri Lanka's 15m people are 74 per cent Sinhalese and 69 per cent Buddhist. The Tamils make up 12.6 per cent, split roughly two-to-one between Hindus and Christians. They have close links with 60m Tamils in the south Indian state of Tamil Nadu.

The stability of the island has become more important with growing ethnic unrest throughout the Indian subcontinent. India's main worry is the Sikh crisis in the northern state of Punjab and it also has insurgen-



government firmly rejects. A compromise involving an inter-provincial committee is deadlocked over whether central or provincial government should control the police.

Moreover, the Sinhalese would only become a platform for future Tamil independence claims. On the other hand the Tamils, backed by India, wonder whether Sri Lanka really wants a settlement before it has militarily defeated the Tigers.

Major aid donors such as Canada, Sweden and Norway suspect along with India that recent peace initiatives have been aimed only at diverting international criticism of Sri Lanka at annual aid talks in Paris on June 19.

The Tamils and Sinhalese have been fighting each other in Sri Lanka for over 2,500 years. While it may be unrealistic to expect 1986 to produce a permanent solution, the urgent need is for a settlement of current claims which will stop the terrorism and prevent the island's economy slipping from slower growth to actual decline.

Minimum wage

From the General Secretary, Electrical Electronic Telecommunication and Plumbing Unions

Sir, I wondered why the two thirds national minimum wage kept resurfacing at the TUC and the letter from Mr Byng (May 20) of the Low Pay Unit indicates that it follows pressure from his organisation. I have consistently argued that such a formula would provide a moving escalator for inflation rather than a solution to the problem. I am further surprised that he feels that the establishment of a national minimum wage is not political, as statutory regulation of wages seems highly political. The TUC document makes quite clear that an integral part of such a policy involves unions generally undertaking not to quote in claims of higher paid workers that element of general percentage increases in earnings specifically related to the general move to attain the national minimum wage.

The document further says "at the heart of this issue is the question as to whether the trade union movement can collectively address itself to the distribution of incomes as a whole, and take collective view of what it should be." Moving along that path inevitably involves a pay policy from either the TUC or the Government which must also contain sanctions against those who are in breach of the policy. It is quite legitimate for someone to argue for an incomes policy involving a minimum level, but less than honest to deny the linkage between the two.

We accept the connection between low pay and inefficiency. We believe however that this should be resolved by the collective bargaining mechanism through what the TUC describes "as the need to pressure lower paid jobs in terms of those factors, content, skill and responsibility to which pay levels are related." This should be supplemented by the tax and benefit system. We further believe that whatever is said at the TUC and Labour Party conferences this year, the practice of other unions will more closely reflect our analysis than the aspirations of advocates of the national minimum wage.

It is our view that it is better to have this argument out in the open at this stage rather than face the inevitable dif-

Letters to the Editor

facilities following the introduction of such a policy. Eric A. Hammond, Hayes Court, West Common Road, Bromley, Kent.

Payment on time
From the Head, Technical Advisory Department, Institute of Credit Management

Sir, — On May 19 Government launched a new booklet "Payment on time" describing the best practice which should be followed by both buying and selling organisations to achieve payment of invoices by the due date. Failure to pay promptly damages all businesses, but the buying firms undoubtedly suffer most.

Members of this institute have wide experience of collecting money owing to their companies and know which firms are the slow payers. The biggest companies are often the worst and if a list was compiled it would feature well known names. If big concerns delay payment to suppliers, they in turn may have to delay payment and a chain reaction starts. It is up to the large companies to give a lead in improving the speed of payment of invoices.

E. L. Walker, Easton House, Stamford, Lincs.

Japan's world role
From Mr J. Bourlet

Sir, — Mr R. Wilkinson ("Japan's missing world role," May 20) argued that Japanese overseas investment can only gain acceptability if Japanese domestic housing, journeys to domestic islands, purchases and suchlike are somehow levelled to western standards.

Have such an amazing set of conditions ever been demanded from any country before? Have past large investing nations such as Britain, France or the USA ever made virtue at home a precondition for investment abroad?

In any case, life in Japan is by no means as unattractive as your correspondent implies — witness the common preference of overseas Japanese for a return home. Our western pot, meanwhile, is far too black to enable us to criticise Japan's cultural kettles.

Japanese overseas investment does provide competition for alternative suppliers of funds

(and one must expect veiled demands for protection) but the impact on interest rates is positive. The contribution to employment and productivity welcome and the power of recipients to renege on their debts — via inflation — is outside Japanese hands.

In short, Japanese overseas investment already has recognised acceptability and a case has yet to be convincingly made to the contrary.

James V. Bourlet, (Visiting Lecturer, Keio University, 15-45, Mito 3-chome, Minoto-ku, Tokyo 108.

Independent local radio
From the Industrial Officer, Broadcasting and Entertainment Trades Alliance

Sir, — It is not surprising to read Mr Bilton's (May 16) description of the Independent Broadcasting Authority's prescription for change in independent local radio (ILR) is equally not surprising for its thoroughgoing simplicity and short-sightedness.

The IBA has a central role in the regulation of the ITV contracting companies and the independent local radio contractors. The IBA has provided the public with TV and radio signals to the highest of technical and engineering standards. Rather than being a constraint on the activities of the commercial contractors the IBA has provided the environment for those companies to pursue their ends in the certain knowledge that their programmes reach the widest audience throughout the country. The IBA has shown its sensitivity to the problems of independent local radio by the desire to integrate the commercial radio and TV accounts. What must not change in the interests of the public and ILR is the role of the IBA.

Whether or not, as the IBA alleges, expertise is lacking in ILR is debatable; what is clear, however, is that ILR has not taken a sufficiently large enough share of potential advertising revenue from the available supply. Local radio is a medium that could and should generate a far greater income from local and national advertising. It would not then be necessary for the few ILR managing directors like Mr Bilton to argue that the IBA's control should be relaxed. Independent

local radio's salvation is in its own hands now. To adopt Mr Bilton's remedy for ILR's ills would certainly result in a state of affairs far worse than ILR is currently suffering.

ILR pay and conditions sadly reflect the current malaise in that sector of the industry. The ILR industry has its own private share of advertising income it may then be in a position to negotiate realistic and fair wages with the unions. Thankfully Mr Bilton's attitudes and values are not shared by the vast majority of his managing director colleagues.

Brian Marsh, 181-185 Wordour Street, W1

Data protection fee
From the Registrar, Data Protection Registrar

Sir, — I am writing in response to the letter from Mr M. W. M. (Data protection fee," May 17) who complains about "the extraordinary decision of the Data Protection Registrar" with regard to the position of pension fund trustees under the Data Protection Act 1984.

I have agreed a position paper on pensions with associations representing the pension industry. While the situation will have to be considered by each pension fund in the light of the use of fund information by employers and pensions fund administrators, the position can be summarised as follows.

Even if pension fund trustees are data users under the Data Protection Act 1984 they should be able to claim an exemption from the Act under Section 32 where there is a small number of members in the scheme. They will need to discuss this with their pension fund administrators.

Trustees of pensions schemes with large numbers of members may find it less easy to meet the terms of the exemption under the Act. Again they should check with their pension fund administrators.

Where trustees have to register, they may do so as a group (see the trustees of XYZ pension fund) and pay one fee of £2 for a three-year registration. Individual trustees do not have to register separately.

Unfortunately one or two insurance companies have sent out advice which conflicts with this agreed position. We have contacted these organisations to put matters right but it is possible that Mr Bilton may have been misled in this way.

This information is given in simplified terms, there are many complex variations in the way pensions are provided, but I hope it will be helpful to your readers.

E. J. Howe, Springfield House, Water Lane, Wilmslow, Cheshire.

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Terry Dodsworth on why a return to profit has not materialised

US steel industry still showing fatigue

US STEEL industry executives had hoped this would be the year that they would be able to gather at their annual conference in New York and congratulate themselves on a long-awaited return to profitability.

But it was not to be. Despite import controls, a falling dollar and an economy growing at around 3 per cent a year, American steel companies are still in full-scale retreat, desperately trying to stem their continuing financial hemorrhage.

Demand for domestically made US steel has slipped in recent years for a number of reasons. One is the steady move away from steel to plastics and other composites as a base material in manufacturing industry - a trend most sharply seen in the car industry, with its smaller and lighter vehicles.

An equally intransigent problem has been the drift towards offshore manufacturing by many of the American steel industry's traditional customers, as they have sought to take advantage of lower-cost overseas production and importers have continued to batter away in the US, raising their stake from about 14 per cent of the market 10 years ago to 25 per cent today.

In face of these challenges, the US steel companies have embarked on a wrenching policy of change. Among the results of these retrenchment policies are:

- A reduction of 20 per cent in the average cost per ton of carbon steel since 1982.
- A cut of 32 per cent from 10.1 factory man-hours to 6.9 man-hours in the time involved in the production of a ton of steel over the last four years.
- A 40 per cent decline to 171,000 in the number of hourly paid employees engaged in the industry since the end of 1981.
- A cut in hourly wage costs from \$33.8 an hour in 1982 to \$21.3 an hour last year.
- A significant reduction in inventories and a radical improvement in the employment of assets, so that capital in the industry now generates 25 per cent more in sales value than in 1982.
- Capacity reductions from almost 180m tons a year to just under 130m.
- An increase in the amount of continuously cast steel - a measure of the quality of the industry's physical plant - from 11 per cent in 1978 to well over 50 per cent today.

Steel industry executives generally place the blame for the persistence of losses in the face of this extensive rationalisation on the continuing strength of imports.

Theoretically, imports ought to have declined substantially from their peak of a couple of years ago to closer to the 18.5 per cent of the US market set by President Ronald

Bethlehem Steel, the third largest US steel manufacturer, is proposing wage and benefit cuts of almost \$2 an hour in a new contract for its 30,000 manual employees. Page 10

Reagan when he agreed to negotiate a series of bilateral quota agreements with overseas steel manufacturing countries about 18 months ago. But while many of the agreements have been signed, imports continue to flood through the loopholes that remain.

While the loss of market share to imports is serious enough for US manufacturers, the depressing impact on prices is even more damaging.

Only one executive at the American Iron and Steel Institute (AISI) meeting was able to give any indication of a firming in prices in the last 12 months, and that was for a very limited specialist market. Efforts by the large US manufacturers to push through increases in recent months have been swiftly followed by embarrassing admissions of failure.

"An alloy steel bar used in the forging industry sells for about 30 per cent less (today) than it did in 1981," said Mr Joseph Toot, president of Timken.

Even the fall in the dollar, which

began 15 months ago, appears to have had no effect as yet on importers' ability to undercut their US rivals - and economists are not clear when, or if, the terms of trade will turn decisively against the overseas suppliers. One problem for the US producers on this score is the fact that some of the main exporting countries, such as South Korea, have currencies that are closely aligned to the dollar, so that their ability to compete has scarcely changed at all.

What can the US manufacturers do in the face of these continuing pressures?

First, there will be a continuing assault on manufacturing costs through new labour agreements and further streamlining. The current wage round in the industry is likely to produce a further reduction in pay rates, with differentials growing up between plants in different sectors of the industry depending on their profitability. At the same time, it is likely to create more experiments in worker participation, an essential ingredient, many companies feel.

More capacity will be cut - Dr Robert Boni, chairman of Arco, said at the AISI meeting that 30m tons of excess domestic steelmaking capacity "must be eliminated if we are to balance supply and demand over the next five years."

Second, the industry is expected

to launch a whole new raft of initiatives aimed at pooling some production resources, undertaking joint research and development and combining offshore crude steelmaking capacity with domestic finishing activities.

All of these strategies, which were once thought impossible because of anti-trust considerations, have been tried over the last year or so. US Steel, for example, is now using a South Korean supplier to ship in unfinished steel for one of its finishing operations while US Steel and Ford have gone into joint ownership of an electrogalvanising facility.

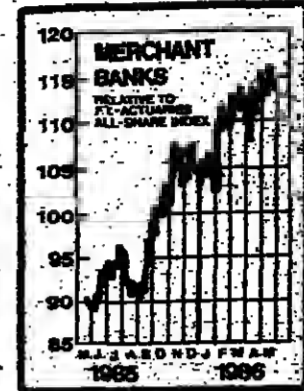
Third, the diversification trend marked the initial attempts of the steel companies to fend off their basic problems is likely to decline, largely because many groups can scarcely afford to embark on these policies any more. This problem was demonstrated at Bethlehem Steel recently when it was forced to sell a steel stockholding business that it had acquired only a few months previously because it did not have the resources to develop to the necessary size in the sector.

The Bethlehem example serves to underscore the biggest challenge facing the American steel industry - the critical shortage of cash at a time when it needs deep pockets for the necessary investment in modernisation.

THE LEX COLUMN

Dance of the six veils

Like the Stock Exchange computer which woke up sweating in the basement yesterday morning and had to take an hour off to recover, the market found its return from the long holiday weekend was all rather a struggle. Equities drifted and the offer of a cut-price tap encouraged gift-edged to do likewise.



way to 576.50 and a job offer at nearly 500. Agreements at that level may perhaps secure the future of Sperry management and the industrial agreements for the future remain as they are. The decision to get the job done could be taken as a measure of confidence in the combined strength of a less flattering self-appraisal.

The unresolved problem of selling any two companies from the so-called bunch is that the price of realising their product is likely to outweigh the benefits. The task is not impossible, however, there seem to be no barriers to a buyout of the company's assets. There is a risk, however, Sperry (or Burroughs) may be deprived of continuity, two well-regarded new companies will be more unknown quantities and likely to take refuge in the protective bulk of IBM.

Morgan Grenfell

Like its distant cousin Morgan Stanley, Morgan Grenfell has timed its stockmarket launch almost perfectly, though it would be difficult for the British issue to beat the euphoric reception accorded the US branch of the family. Barring a sudden tumble in share prices, Morgan Grenfell is hoping to raise close to £150m through a tender offer of 32m shares, suggesting a striking price of 450p or so, equivalent to 90p in the present pre-script form. That looks an ambitious premium to the latest trade at 75p, but merchant banking is a very profitable business this year. Whether the boom in markets and takeover activity seen thus far will continue is something for Morgan to worry about afterwards.

In their capital gains on Monday. Having cheerfully discounted the fruits of conservative government, the market is now being told the tree is rotten from socialist handiwork; and yesterday morning's recovery merely flushed out the leeches and left the market less than half a per cent higher.

Mr Chirac's message has been too enthusiastic in retelling the socialist skeletons but it is all too tempting with so formidable a socialist in the Elysee. However, any hint of political paralysis will make the market unwilling to look beyond this year's good earnings figures, and even a scaled-down programme of privatisation will appear a drain, not an opportunity.

Whatever the poor April trade figures mean, the devaluation was too small to do much for competitiveness with D-Mark exporters, and German and French inflation rates are likely to diverge as at any time in the past. The cost structure of the French clearing banks may inhibit the downward trend in interest rates. Anglo-Saxon institutions, which are straightforward about political cohabitation, are already wondering whether the Netherlands might not offer a more respectable home for German or Italian-style growth.

The government, as opposed to Mr Mitterrand, can at least take comfort that the market has fallen only after some fancy priced issues of non-voting stock, not at the outset of denationalisation.

Burroughs/Sperry

It is hard indeed to see what has changed since Burroughs offered around 565 a share for Sperry last year, other than the price, which has by painful degrees inched its

France

Investors in French equities have been fed such depressing news from their new political masters that they must be forgiven for cast-

Aitken Home

The strange case of Transworld Aitken Home, already featuring some of the more peculiar characters of the City of London mystery, may be a shell company, bidder, US entrepreneur, Small money, and the performance of Mr Jack Hayward. It also seems to be playing one of the market's more curious recent times, the offer to inject new management into a firm for a sale of the company. But in this instance, two meetings between the leading characters, held at the request of the Transworld camp, appear to have been marred by a complete absence of proposals for the future development of Aitken Home by the aggressor.

The spinning shell company tactic - demanding a wholesale renewal of board management - has been rendered less potent since Aitken's has recently purged those members of the board deemed to have opposed the City's sensibilities. Transworld was naive, if it thought that Aitken would remain its loyal and devoted ally, in material for an educated disengagement. Hayward now has a week to come up with an offer document to show that in return for giving up 10 per cent of their company shareholders will be getting more than 90 per cent of a light company which made £180,000 last year, and Mr Nick Oppenheim.

Dutch group to buy US insurer

By Our Financial Staff

AEGON, the Dutch insurance group, agreed yesterday to buy Monumental Corporation, a Baltimore-based insurer, for \$364m, or \$56 a share.

Aegon has also received an option to buy unissued Monumental shares for \$50 a share in cash. The options, when issued, will represent about 9.9 per cent of the 6.5m outstanding shares of Monumental.

Mr Leslie Disharoon, Monumental chairman, and Mr Harvey Meyerhoff, a director, also granted options to sell 995,000 shares to Aegon for \$56 a share.

The merger is subject to approval by state insurance regulators. Monumental will continue as an autonomous unit, according to the merger agreement announced yesterday. Its revenues exceeded \$245m in 1985 with after-tax operating earnings of more than \$19m. It operates in the life, health and credit insurance sectors and has assets of more than \$1bn.

Aegon, with assets of more than \$13bn, earned the equivalent of \$111m in 1985. About 60 per cent of its total group revenues of \$3.1bn came from its existing US interests, which include Life Investors, based in Cedar Rapids, Iowa, and National Old Line Insurance of Little Rock, Arkansas.

Paris bourse halts decline

Continued from Page 1

Financial holding company, retreated FR 117 to FR 1078.

The banking and food sectors, both of which suffered heavily in the previous session, experienced strong rallies, although many foreign listed stocks, which resisted Monday's plunge, turned lower yesterday.

Electricals were also firm, while Peugeot in the car sector jumped FR 53 to FR 925 amid redundancies among its white-collar staff.

Brokers said the reappearance of foreign institutions, whose unloading of shares precipitated the slide last week, had been the watershed. The market turned calm after initial fears that US and UK investors - absent on Monday because of market holidays - would return with heavy selling programmes.

Labour markets 'need more flexibility'

BY GEORGE GRAHAM IN LONDON

PROPOSALS for introducing greater flexibility into the labour market to help to reduce unemployment in the industrialised countries have been put forward by a high-ranking committee set up by the Organisation for Economic Co-operation and Development (OECD).

The committee's suggestions include a cut in payroll taxes on labour, better transferability of pensions, reductions in working hours, and improvements in education and retraining of workers.

Flexibility in wages is less likely to be effective in producing a better economic performance than better training and measures to help workers to move from one job to another, concludes the committee, set up in October under the chairmanship of Professor Ralf Dahrendorf of the University of Konstanz.

International measures to overcome the current sluggish demand growth and high real interest rates are also needed, the committee says.

"Labour market flexibility is not a panacea for all social and economic ills," the committee reports. "It is but one - and not the most important - factor affecting economic and social progress."

The committee has shied away from a specific package of recommendations, because of the wide variations in labour-market conditions in the different OECD countries. But it has suggested a number of options for improving flexibility.

Moderation of wage increases is the first requirement, the report says. "Unless real labour costs remain somewhat below productivity increases, there is little room for man-

oeuvre for other forms of flexibility."

Payroll labour taxes such as national-insurance contributions need to be cut, and the committee recommends that some countries should raise petrol taxes in the wake of the fall in oil prices in order to finance those cuts.

Further reductions in working time are needed, including in the short-term overtime curtailments and early-retirement arrangements, and in the medium term possibly a cut in the total hours worked. This needs to be combined with greater flexibility in the use of the remaining working hours.

Mobility is crucial to a more flexible labour market, the report says, and it singled out Europe as suffering from the problem. In Japan, workers tend to change function

within the same company, while in the US they would tend to migrate to a different area with better job prospects. In Europe, neither of those takes place.

"Urgent action is needed with respect to the transferability of pensions, the opening-up of housing markets and the abolition of company-tertiary subsidies, as well as with respect to educating and training young people for moving within countries and across frontiers," the committee says.

Education priorities need to be reassessed, with provision not only for initial training but for retraining during a working life and for education for leisure.

Labour market flexibility: OECD, 2 rue André-Pascal, 75775 Paris CEDEX 16.

Editorial comment, Page 26

Morgan Grenfell to sell 21% of shares

BY DAVID LASCELLES IN LONDON

INVESTORS will have a chance to bid for 21 per cent of the shares of Morgan Grenfell, the British-based merchant bank, which is about to seek a listing on the London Stock Exchange. The sale will probably take place in late June.

In a letter to its existing private shareholders detailing listing plans first announced two weeks ago, Lord Catto, Morgan's chairman, says the group expects to sell 32m new shares. That will be after a one-for-one capitalisation issue that will double the number of existing shares and bring Morgan's total shares issued to 130m.

"The capitalisation issue is intended to halve the value of Morgan's shares, which currently trade around £3 each, and to make them more readily tradable by the public. Lord Catto did not discuss the pricing of the issue, but London analysts believe the listing will enable Morgan to raise about £150m and achieve a market valuation of about £750m (\$1.12bn).

At the moment, the shares value Morgan at around £450m. But Morgan would expect them to attract a premium in the open market.

In the letter, which was sent to shareholders on May 23 and released yesterday, Lord Catto said that the offer of the new shares could either be undertaken by way of tender or at a fixed price. But Morgan expected to use the tender route in order to enable the stock

Accord near on US futures capital rules

BY ALEXANDER NICOLL IN LONDON

US FUTURES exchanges appear to have won a battle with their regulator, the Commodity Futures Trading Commission (CFTC), on proposals for tighter capital requirements, which had threatened to put many broking member firms out of business.

The exchanges, led by the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) marshalled their considerable lobbying weight in Congress when the CFTC published its plans last year in response to the collapse of a New York firm trading in gold options.

Although the CFTC suggested no change in the existing requirement, it proposed drastic changes in the way the figure should be calculated. The exchanges were outraged and said a third of their members might be forced to cease trading. The CBOT formed a \$1m legal defence fund.

Their concerns have been alleviated, however, by the CFTC's apparently favourable response to the exchanges' own alternative proposals. Instead of directly countering the CFTC plans, the exchanges themselves suggested radical changes in methods of calculating capital. That was an attempt to solve the dispute in a face-saving way, particularly as the CFTC is itself seeking a new mandate from Congress this year.

The alternative plans were intended to link capital requirements more closely to the risks associated with positions held by firms' clients. The rule would also better reflect the risks of options, which were not actively traded when the present rules were written.

Although many details remain to be settled over the next few months, officials of the two exchanges say the CFTC has accepted the basic principle of a risk rule.

The CFTC declined to comment on its response. But Mr John Kinella, chairman of a CBOT committee overseeing financial instruments, said during a visit to Singapore: "We were very happy with the CFTC's reaction, because we were concerned that it was too large a rewrite." The CBOT no longer felt under threat, he said.

Mr Barry Lind, chairman of the futures firm Lind Waldock and of a CME subcommittee, said the CME's plan would increase capital requirements - although not the amount of new capital that would in practice need to be raised - by about 35 per cent. A firm not able to meet the proposed rule should not be trading, he said.

Mr Kinella said: "We felt it was a death fight. Our membership was prepared to do whatever was possible. We were elated that the CFTC, when presented with our proposals, showed a great spirit of co-operation."

Feature, Page 33

US angers allies as conference fails

Continued from Page 1

Secretary of State, for Washington to change its mind.

Mr Genscher's telephone call from Ankara, where he was on an official visit, was an indication of the importance attached by Bonn to an improvement in human contacts between East and West, and essential element of its whole relationship with East Germany.

"We would gladly have taken home the document drafted here," Mr Ekkehard Eickhoff, the West German delegate, said yesterday.

The German disappointment was clearly shared by other Western delegations. Even Sir Anthony Williams, the British delegate, found it

US threat on Salt 2 curbs

Continued from Page 1

the 1972 Anti-Ballistic Missile (ABM) treaty and the first strategic arms limitation treaty (Salt 1).

The US had raised the violations with Moscow in the joint consultation commission in Geneva, designed to monitor the treaty, but to no avail.

Mr Speskes re-emphasised Mr Reagan's "highest commitment" to arms control, and said there would be "no appreciable numerical growth in US strategic offensive forces." However, with apparently no end in sight to Soviet violations of Salt 2, the time had come to look to the future, to a new arms control structure.

World Weather		°C		°F	
Algeria	25	77	London	15	59
Amman	27	81	London	16	61
Algiers	27	81	London	16	61
Amman	27	81	London	16	61
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SECTION II - COMPANIES AND MARKETS FINANCIAL TIMES

Wednesday May 28 1986

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Sperry accepts revised offer from Burroughs

BY PAUL TAYLOR IN NEW YORK

BURROUGHS, the Detroit-based computer group, yesterday formally sweetened its takeover bid for rival Sperry by offering \$78.50 a share in cash and paper, or a total of about \$4.4bn, for the New York-based computer and defence electronics group.

Sperry last night agreed to the new offer.

The company, battling for three weeks to win control of Sperry in order to create a larger mainframe computer group more able to compete with the market leader, IBM, said yesterday that it was willing to raise its existing and rebuffed \$70 a share merger proposal.

Last week Sperry let lapse an

earlier sweetened offer of \$75 a share after negotiations between the two computer makers collapsed. Sperry had no immediate response to the higher offer, which came after merger talks involving the two groups' financial advisers resumed.

Yesterday Sperry's shares, after being suspended on the New York Stock Exchange, jumped \$1 to \$71.75, while Burroughs' stock slipped by \$3 to \$59.

Under the terms of the revised Burroughs proposal, the Detroit group offered to raise the overall value of its bid, but proposed to leave the cash element in the offer virtually unchanged by reducing the number of shares it is seeking through a cash tender offer from

33m to 31m - just sufficient to give it majority control of Sperry.

Burroughs said that under its new proposal it would pay \$78.50 a share in cash for the 31m shares and complete the two-step merger by swapping its 9% per cent subordinated debentures and convertible preferred stock for Sperry's remaining stock with the same value.

The new offer would cost Burroughs \$2.371bn in cash compared to \$2.31bn under the original proposal. It was a first unclear yesterday whether Sperry's board would endorse the new offer. Sperry's management had been pushing for a merger valued at around \$80 a share, a price Burroughs had earlier rejected as too high.

Ottawa urged to act over Dome

By Bernard Siman in Toronto

CONCERN that one or more of Dome Petroleum's 56 creditors may call in its loans has led to calls on the Canadian Government to intervene in tense negotiations on the future of the debt-laden Calgary oil and gas producer.

The Government in Ottawa has been asked to remind US, European and Japanese lenders of the consequences for the Alberta economy and the Canadian banking system of failure to agree on a new rescheduling plan for Dome's C\$6bn (US\$ 4.4bn) debt, according to banking sources.

Peugeot seeks executive job cuts at subsidiary

BY PAUL BETTS IN PARIS

AUTOMOBILES PEUGEOT, the big subsidiary of the private French Peugeot car group, is seeking to reduce its management staff by more than 10 per cent - a total of 370 jobs out of 3,372.

The company, which has already cut jobs at plants and among lower white-collar posts, has decided to tackle higher management levels in a continuing effort to improve productivity.

But, unlike the reductions among blue-collar jobs, management staff are not threatened with eventual compulsory redundancies. Instead, the company is encouraging voluntary labour flexibility schemes to resolve its management staffing problems.

Mr Jacques Calvet, the chairman of the car group which includes Automobiles Peugeot and the Citroën subsidiary, has been seeking to introduce labour flexibility schemes at all levels of the company. He is now expected to announce the return of the Peugeot group to profit after several years of heavy losses.

Automobiles Peugeot is asking managers to end voluntarily their working contract with the company, which will treat the decision as a compulsory redundancy. Managers will then be eligible for all unemployment compensation and benefits for compulsory redundancies.

The car company is also encouraging managers to take unpaid leave for at least a year but with the guarantee of a similar job on returning to the company.

Automobiles Peugeot is also keen to promote part-time work for managers under the age of 59. For managers under 55, the company is offering a financial incentive of two months' salary to encourage them to work part-time.

The Peugeot subsidiary emphasised there would be no compulsory job cuts if the target of reducing 370 management posts is not achieved. The car group also said the proposals did not extend to its Citroën subsidiary.

Preussag tumbles to loss at year-end

By David Brown in Frankfurt

PREUSSAG, the West German metals, energy and transport concern, tumbled into deficit after the collapse of the tin market late last year, amid generally weak metals prices and the decline of the dollar.

The group fell from a net profit of DM 154.3m (\$88m) in 1984 to a loss of DM 13.1m last year. However, a dividend of DM 8 a share, down DM 1, has been proposed.

Mr Gunter Sassmannshausen, the managing director, declined to make a forecast for 1986, but indicated that it was unclear whether Preussag would be able to manage a return to profit this year.

Marley plans \$93m US acquisition

By Lionel Barber in London

MARLEY, the UK tiles and bricks manufacturer, yesterday announced a proposed \$93m cash acquisition in the US aimed at strengthening its core building products business.

Marley said it had signed an agreement with the board of General Shale Products of Johnson City, Tennessee, to make a tender offer for the company at \$30 a share.

Trading in Fermenta shares suspended

BY OUR NORDIC CORRESPONDENT IN STOCKHOLM

FERMENTA, the Swedish biotechnology group, had trading in its shares suspended until further notice yesterday by the Stockholm Stock Exchange authorities.

The board of the stock exchange is to meet tomorrow to decide on disciplinary measures against Fermenta for its failure to provide adequate financial information in line with its listing agreement with the bourse.

The sudden turmoil surrounding the company also led to the break-up of an ambitious co-operation deal planned with Volvo, Sweden's leading industrial corporation, under which Volvo was to take a substantial minority stake in Fermenta.

In return, Fermenta was to be given the leading role in an ambitious restructuring of the Swedish pharmaceuticals and biotechnology sector including the acquisition of control of Pharmacia and Leo/Ferrosan, the two Swedish drugs groups.

The proposed deal highlights Marley's recent rapid restructuring following a 41 per cent drop in pre-tax profits to £19.56m (\$29.1m) for the year ending last December.

During March, it sold its DIY subsidiary, Payless, for £93m cash. Last month, it clinched a £54m takeover of Thermalite, the concrete block maker, trumping an earlier £44m agreed bid by Tarmac, the housebuilding and civil engineering group.

The trading halt followed the publication of a report in the Swedish press yesterday suggesting that Fermenta could risk suspension from the stock exchange for its alleged breach of bourse rules.

The main disciplinary measures available to the stock exchange are to issue a warning, impose a fine, or, in the most serious cases, to order the offending company to be struck off the stock exchange list.

The Stockholm Stock Exchange has only once before expelled a company from the bourse. In 1983 it dropped from its list Fagersta and Kinnevik, two companies controlled by Mr Jan Stenbeck, the Swedish financier, for issuing false information in a prospectus.

Last night it appeared that some form of warning might also be issued by the stock exchange authorities tomorrow to Volvo, for its role in the Fermenta affair.

General Shale ranks among the three largest US manufacturers of facing bricks which are treated in kilns to give them a distinctive colouring such as Chicago greys. It has 12 plants with a capacity of 600m bricks a year and a further nine producing concrete blocks, masonry and lightweight aggregate.

For the year to December 1985, General Shale made \$11.5m on \$82.6m sales. The book value of the net tangible assets at the same date was \$41.8m and net borrowings were \$900,000. For the first quarter of 1986, the US group reported pre-tax profits of \$1.6m on \$17.9m.

The threat of disciplinary action is the latest blow to Fermenta, which was plunged into serious crisis earlier this year, when it was revealed that Mr Refaat El-Sayed, the company's majority shareholder and then chief executive, had lied to investors about his academic qualifications as a microbiologist.

Fermenta had been the star performer on the Swedish stock exchange since its launch in the summer of 1984, but as a result of this year's crisis its share price was more than halved in the wake of a two-week suspension, and Mr El-Sayed was forced to step down as chief executive.

Mr El-Sayed has also been investigated by the Swedish banking inspectors for possible offences against the country's rules on insider trading. The inspectorate said yesterday that Mr El-Sayed had failed to comply with its rules for reporting inside trades within a specified time limit, but it had still not decided what action to take. It was still waiting for extra information requested from the Fermenta board.

'Johnnies' opens mine

BY KENNETH MARSTON IN LONDON

THE awaited launching of a new R570m (\$157m) South African gold mine in the Theunissen district of the Orange Free State was announced by Johannesburg Consolidated Investment ("Johnnies"). It is to be run by a new company, H. J. Joel Gold Mining.

Permanent capital for the venture is to be raised by an issue of linked units consisting of one share plus two options to subscribe for two further shares in 1987 and 1988,

respectively.

The offer, whose terms have yet to be announced, will be made to "Johnnies" (45 per cent), Anglo American Corporation and associates (10 per cent) and Randfontein Estates (45 per cent). Randfontein is to pass on its anti-tender offer to its own shareholders.

The mining lease for the new-comer has been granted over 1,301 hectares in an area adjacent to the Genoor group's Beatrix gold mine.

Wella plans to pay unchanged dividend

By Jonathan Carr in Frankfurt

WELLA, the West German hair-care company, proposes to pay an unchanged dividend after raising parent-company net profit in 1985 to DM 24.3m (\$10.7m) from DM 20m on sales revenue up to DM 539m from DM 495m.

Holders of non-voting preference shares will receive 18 per cent and holders of the ordinary shares, in the hands of the founding family, will receive 16 per cent. Wella went public with an issue of preference stock in 1983.

The proposed dividends mean a total payout of DM 18.6m. Altogether DM 5.6m is being added to reserves, compared with DM 1.6m a year earlier, to "safeguard further growth."

Group sales revenue was up last year 8.2 per cent to DM 1.76bn, but detailed group profit results have not yet been announced.

Fixed-asset investment in the parent rose almost 80 per cent to DM 13.3m and, in the group, by 34.3 per cent to DM 57.6m.

This announcement appears as a matter of record only.

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MARCH 1986

INTL. COMPANIES & FINANCE

Leroy Somer sells pump subsidiary

By David Housego in Paris

LEROY-SOMER, the leading French manufacturer of small and medium-sized motors, has sold Pompes Guinard, its financially troubled pump subsidiary, to a West German group.

The sale to KSB (Klein Schanzlin und Becker) comes after Pompes Guinard suffered losses on its Italian and Spanish operations. Leroy-Somer will realise FFr 160m (\$22m) net on the sale. At the same time it will increase its penetration in the German market through an agreement with KSB.

Leroy-Somer decided to sell rather than inject fresh funds into Pompes Guinard, which it acquired in 1972. The disposal means the group will now concentrate more on its mainline motor activities.

Three years ago Leroy-Somer - which is one of Europe's major manufacturers of small-scale motors after Asea of Sweden and Siemens of West Germany - expanded in the US market with the purchase of King Bearing, a California-based distributor of transmission equipment, motors and gears.

Assicurazioni Generali earnings increase 49%

BY ALAN FRIEDMAN IN MILAN

ASSICURAZIONI GENERALI, the largest Italian insurance company whose shares are the most actively traded on the Milan bourse, yesterday revealed a 49.4 per cent increase in the 1985 net profit of its parent company to L172.1bn (\$109.6m).

Generali said yesterday that of the L172.1bn of net income, some L80m came from the life business while L72.1bn stemmed from accident insurance. Generali is proposing a dividend payout of L600 per share, which is a fifth higher on the 1984 dividend. The company is also proposing a two-for-five scrip issue.

The Trieste-based Generali said its consolidated group premium income rose by 15 per cent last year to total L4,195.4bn. This total, including premiums from 48 subsidiaries, makes Generali one of Europe's top five insurers, according to the company.

Some 70 per cent of Generali's premiums come from outside Italy, with the biggest non-Italian markets being Austria (L1,222bn of premiums), France (L1,186bn), West Germany (L901bn) and the UK (L241bn).

Generali, perhaps more than most companies on the currently

booming Italian stockmarket, has enjoyed the fruits of what has become a euphoric investing spree. The company's shares closed L1,760 lower last night at L168,000, but the bourse was quiet yesterday.

A notable feature of Generali's shares is that 12 months ago the price stood at L47,000, which means that any investors who have held Generali for the past year have more than trebled their money. Stockbrokers in Milan, calculating Generali's price/earnings ratio, say that shares in the insurer are now trading at between 15 and 25 times earnings.

US banks hope for \$439m merger

BY PAUL TAYLOR IN NEW YORK

CORESTATES FINANCIAL, the Philadelphia-based bank holding company, has agreed to acquire New Jersey National, the third largest New Jersey banking group, when Pennsylvania and New Jersey banking law permits, in a share swap deal worth about \$439m.

The definitive agreement highlights the growing impact of interstate banking legislation in the mid-Atlantic region which has helped send New Jersey bank stock prices soaring. Among other recently announced deals, Chemical New York agreed earlier this year to acquire New Jersey-based Horizon Bancorp when legislation permits.

Corestates, the 38th largest US banking group and the third largest in Pennsylvania, said the deal would be completed when such a merger becomes permissible under Pennsylvania and New Jersey law.

New Jersey recently signed a reciprocal interstate banking law and similar legislation is expected to be passed in Pennsylvania later this year.

New Jersey National, based in Pennington, has \$2,050m in year-end assets. Corestates, ranked by analysts as one of the strongest and most conservatively managed regional banking groups, had assets of about \$1.1bn.

According to some, pricing new issues is simply a question of market conditions.

Don't be astonished.

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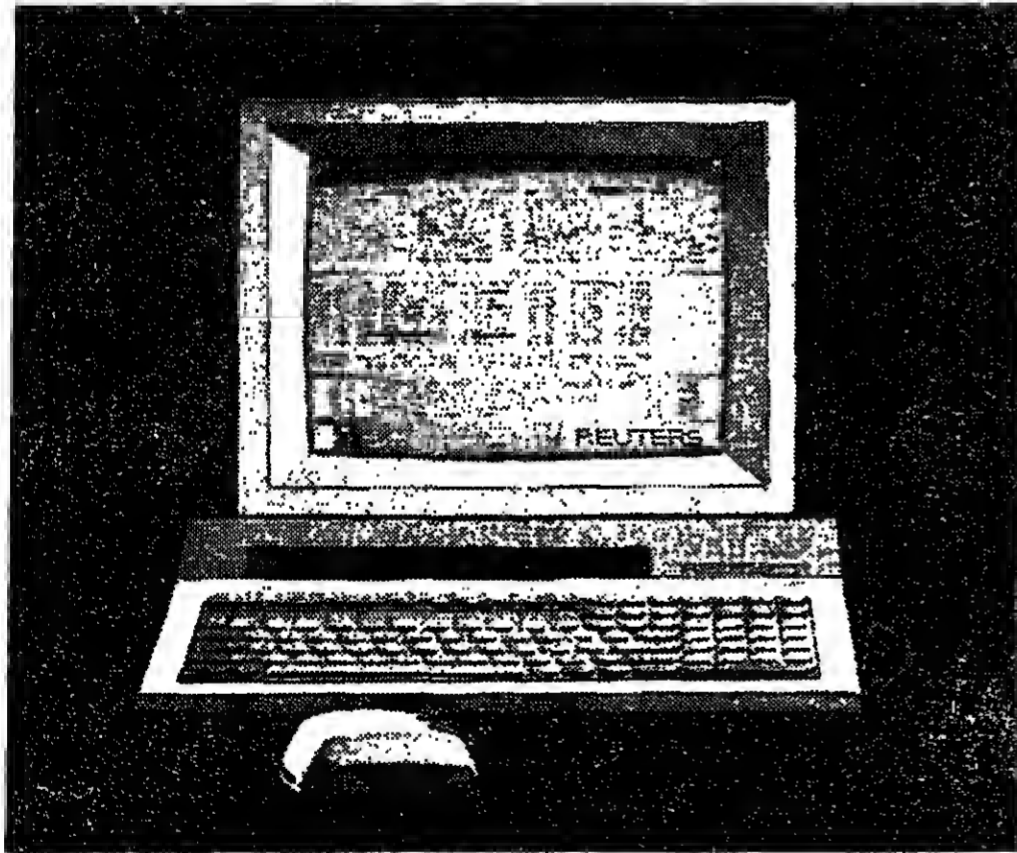
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INTL. COMPANIES & FINANCE

Computervision may look at sale of Medusa software unit

BY PETER MARSH

COMPUTERVISION, a US specialist in computer-aided design and manufacturing, is keeping analysts guessing over whether it plans to sell Cambridge Interactive Systems (CIS), its UK subsidiary.

Disposal of CIS, regarded as having an outstanding software development team, could raise much needed cash for the parent should the latter fail to maintain its planned recovery over the next 12 months.

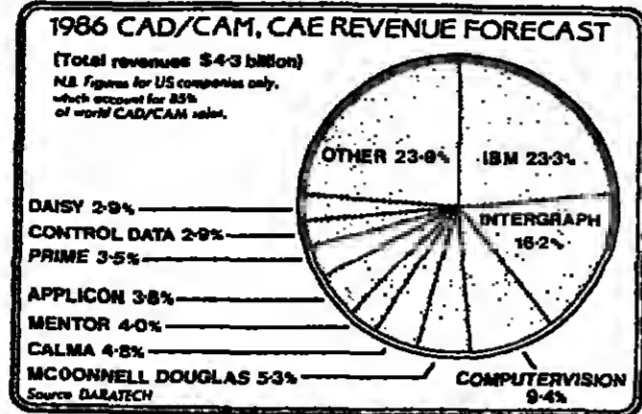
The group's business has suffered sagging fortunes in the past three years, during which it lost to IBM its position as the leading supplier of CAD/CAM equipment.

Mr Charles Foundryer, president of Daratech, said that CIS could be sold shortly. He bases this view on the possibility of Computervision making the money and its decision to set up a separate marketing team in the US to sell the Medusa software product made by the UK subsidiary.

The new marketing division will trade under CIS Inc and will be based in Chicago. It is expected to lead to greater sales of Medusa and could put CIS in good shape for a sale.

The Chicago group, comprising about 50 people, will be separate from the rest of Computervision's marketing force. This will remain responsible for selling CADDS, the company's best selling software product which appears to many observers to be in competition with the CIS product.

made \$47m profit on sales of \$556m but has slipped to third position in CAD/CAM sales, behind IBM and Intergraph. US companies account for about 85 per cent of world sales in CAD/CAM, according to Daratech.



Computervision strongly denied that it planned to sell CIS. Mr Boh Gable, president, said that sales of the Medusa program had been a success and CIS was an important part of the group.

Ms Laura Conigliaro, an analyst with Prudential-Bache, a services company in New York, agreed saying that selling CIS "may not be wise" at present.

Behind the talk lies a series of problems for Computervision both in its relations with CIS and in the world CAD/CAM market place.

The company suffered a loss of \$90m in 1985 on sales of \$441m, and cut its workforce from 4,400 to 2,130. In 1984, it

Computervision bought CIS, which is based in Swavesey, near Cambridge, in 1982, when the US company was riding high.

The cash and shares deal cost the group \$35m. CIS, formed in 1977, had shot to prominence through developing Medusa, increasing sales rapidly to \$10m in 1985.

Acquisition of CIS posed immediate problems for Computervision because of the similarity between Medusa and CADDS. Both products were aimed at enhancing the productivity of designers in industries such as cars, aerospace and general engineering.

Rather than scrap one of the products and concentrate on a

single form of engineering software, Computervision continued to sell both sets of software, but used a single sales force. This led to complaints from the British managers of CIS that sales of Medusa were suffering as a result of a preference by the mainly US sales team towards CADDS.

Medusa and CADDS are not compatible, despite their similarity in performance. CADDS operates on Computervision's own minicomputers, while Medusa does not.

More recently, the US company has introduced a form of CADDS which runs on a modified form of a scientific workstation made by Sun Microsystems. In the first quarter of 1986 Computervision reduced its loss to \$7m on revenues of \$113m, and is basing its hopes for recovery on sales of these new systems.

Mr Tom Sancha, chairman and joint founder of CIS, resigned amid stormy scenes following the announcement of the Medusa issue and other disagreements.

Mr Crispin Gray, managing director of CIS, pressed Computervision to set up a separate sales force for CIS and earlier this year he was told he had succeeded.

Despite CIS's concern over marketing of Medusa, sales of the software have shown good growth. According to analysts, Computervision's revenue from the program grew from \$29m in 1984 to \$48m last year.

Should Computervision sell CIS, Prime would be an obvious bidder.

A more intriguing possibility is a management buy-out, assuming the British managers of CIS could raise the hefty sum Computervision would be bound to demand. Such a buy-out has been considered on a number of occasions. Much will depend on the degree of Computervision's recovery.

NOTICE OF REDEMPTION OF

KAY CAPITAL N.V.

8 1/2% Convertible Subordinated Debentures Due 1995
Convertible into Common Stock of Kay Corporation
Redemption Date: July 1, 1986
Conversion Right Expires at the Close of Business on June 26, 1986

NOTICE IS HEREBY GIVEN to holders of the 8 1/2% Convertible Subordinated Debentures Due 1995 (the "Debentures") of Kay Capital N.V. (the "Company") convertible into common stock of Kay Corporation...

ALTERNATIVE TO REDEMPTION

Holders of Debentures have the right on or before the close of business (local time at the place of surrender for conversion) on June 26, 1986, the fifth full calendar day prior to the Redemption Date...

THE RIGHT TO CONVERT WILL EXPIRE AT THE CLOSE OF BUSINESS ON JUNE 26, 1986 AND ANY DEBENTURES THAT ARE NOT CONVERTED PRIOR TO THAT TIME WILL BE REDEEMED AS LONG AS THE MARKET PRICE OF THE COMMON STOCK REMAINS ABOVE \$22.94 PER SHARE...

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Questions with respect to the above may be referred to European American Bank in New York City at telephone number (212) 437-4242.

Dated: May 28, 1986 KAY CAPITAL N.V.

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- 1. An Extraordinary General Meeting of the above-named company duly convened and held at 7a Laurance Pountney Hill London EC4 on 22nd May 1986...
2. The Statutory Declaration and the Auditor's Report required by Section 172 of the Companies Act 1985...
3. Any creditor of the Company may at any time within the two weeks immediately following the date of the meeting...

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of Mercury Selected Trust will be held at the registered office at 10 Boulevard Royal, Luxembourg, on 11th June 1986, for the purpose of considering and voting on the following resolutions:

- 1. To approve the audited accounts and the Auditor's Report for the financial year ended 31st December 1985.
2. To approve the appropriation of the net profit and to declare a dividend of US\$22.25 per share...
3. To discharge the Director and the Auditor from their respective mandates...

VOTING ARRANGEMENTS

In order to vote at the Meeting, the holder of either Shares must deposit their shares not later than 10th June 1986, either at the registered office of the Company, or with any bank or financial institution acceptable to the Company...

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39 Boulevard Royal, Luxembourg
Financial Highlights 1985
Capital Fund US\$ 1,190 million (increased to US\$ 1,510 million)
Deposits US\$ 12,700 million
Loans and Advances US\$ 6,800 million
Total Assets US\$ 16,500 million
Result before Tax US\$ 158 million
Capital/Assets Ratio 7.18% (increased to 9%)
Branches and Offices in 71 Countries
Principal Subsidiaries: Bank of Credit & Commerce International S.A., Luxembourg; Bank of Credit & Commerce International (Overseas) Ltd., Grand Cayman
Subsidiaries, Affiliates and their branches/offices in the following countries: Argentina, Australia, Bahamas, Bahrain, Bangladesh, Barbados, Botswana, Brazil, Cameroon, Canada, China, Colombia, Cyprus, Djibouti, Egypt, France, Gabon, Germany (West), Ghana, Gibraltar, Grand Cayman, Hong Kong, India, Indonesia, Isle of Man, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Korea (South), Kuwait, Lebanon, Liberia, Luxembourg, Macau, Malaysia, Maldives, Mauritius, Monaco, Morocco, Netherlands, Netherlands Antilles, Niger, Nigeria, Oman, Pakistan, Panama, Paraguay, Philippines, Portugal, Senegal, Seychelles, Sierra Leone, Spain, Sri Lanka, Sudan, Swaziland, Switzerland, Thailand, Togo, Turkey, UAE, United Kingdom, Uruguay, USA, Venezuela, Yemen (North), Zambia, Zimbabwe

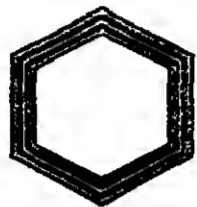
INTERNATIONAL COMPANIES and FINANCE

This announcement appears as a matter of record only. May 1986

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BHP survives latest bid by Bell

BY LACHLAN DRUMMOND IN SYDNEY

THE BIGGEST takeover offer ever seen in Australia closed yesterday with Broken Hill Proprietary (BHP) surviving Bell Resources' AS\$3.6bn (US\$2.5bn) attempt at securing control.

A tally provided to BHP last night showed Mr Robert Holmes à Court's Bell with acceptances for only 110m shares to its AS\$1.8 share partial offer, leaving Bell with an entitlement to about 26 per cent of BHP.

This compares with its maximum acceptance limit of 400m shares and its previously abandoned minimum acceptance condition of 230m shares. The acceptance level is at

the lower end of market forecasts that Mr Holmes à Court's latest effort would bring Bell between 25 per cent and 30 per cent of the company from its base of 17.6 per cent.

The relatively low level of acceptances is closely linked to the heavy market buying seen in past weeks. This was led by the New Zealand-owned Equitcorp Tasman and unnamed friends of BHP, which with Elders IXL and its own 19 per cent now have around 30 per cent or more of the company.

The National Companies and Securities Commission has thrown a last-minute

twist into the bid battle this week by declaring the purchases by Equitcorp to be "unacceptable because of links between Equitcorp and Elders."

This opened the way for Bell yesterday to begin court proceedings aimed at vesting the Equitcorp holding with the commission, and to prevent Equitcorp dealing in the shares.

Mr David Adam, BHP's corporate affairs director, said the result of the bid was an "indication of what a fairly fundamental base of people is saying to a fellow who wants to get control of this company from a

relatively small shareholders. A large number of acceptances are believed to have come from the Adelaide Steamship group, which already had pledged 6.9 per cent of BHP's capital to Bell. This stake is included in Bell's total 26 per cent entitlement in BHP.

Although Bell has failed to gain a more substantial holding, this result is not expected to end the battle for control with Bell and Elders seen as likely rivals in an ultimate fight for BHP.

Reverse at NEC for first time in eight years

By Our Tokyo Staff

WEAK semiconductor sales and the surge of the yen dragged prices down for NEC of Japan (357.7m) in the year to March (357.7m) in the year to March, the first annual fall in eight years.

A lower tax charge against the computer and telecommunications equipment maker to lift net profits 3.2 per cent to Y33.0bn, up to 4.5 per cent. The dividend is unchanged at Y4.50, making a total of Y37.50 a share for the year, compared with previous years' Y35.00.

NEC focuses a further 20 per cent fall in pre-tax profits to Y175m in the current year due to the strong appreciation of the yen.

During the past year sales of electronic devices per cent to account for 70 per cent of total turnover, with the slow recovery of the market. But sales computers and other automation equipment, the company's mainstay, advanced by 21 per cent, reflecting demand for general-purpose business computers and mainframe computers.

Orders received during the year moved up by 4 per cent to Y2,078.8m. Exports were down 2.2 per cent to account for 22.2 per cent of sales, all sales being forecast by the firm.

The company's business demand in the domestic computer market and recovery in the US. However, the trade friction between Japan and the US in semiconductor is expected to remain, along with the strong yen.

Full year sales are projected at Y2,200m with pre-tax profits of Y250m and net profits of Y200m.

Slide in freight rates hits Japan's shippers

BY YOKO SHIBATA IN TOKYO

INTENSIFIED rate-cutting competition on services to North America and a sharp reduction of dollar-based freight revenues bought reduced pre-tax earnings for Japan's top three shipping companies.

Another three in the sector stayed in deficit for the year to March. Reflecting the slowdown in economic expansion in the US and Japan, the volume of both imports and exports of seaborne cargo levelled off.

During the year, transpacific freight rates suffered from intensified competition triggered by the US Shipping Act 1984, and more than 30 per cent of freight revenues were based on dollars. As a result, the sharp appreciation of the yen trimmed

JAPANESE SHIPPING LINES

Parent company results for year to March 1986 (March 1985)

Company	Revenues Ybn	Pre-tax profits Ybn	Net profits Ybn
Nippon Yusen	549 (573)	13.54 (15.18)	4.01 (2.64)
Mitsui OSK	493 (516)	10.16 (11.09)	3.88 (7.10)
Kawasaki Kisen	377 (399)	4.89 (7.05)	1.25 (2.28)
Japan Line	185 (218)	19.50 (14.49)	11.53 (15.57)
Y.S. Line	179 (199)	14.74 (17.26)	12.70 (14.54)
Showa Line	146 (161)	19.50 (9.34)	13.20 (12.25)

these considerably.

Nippon Yusen Kaish (NYK) and Mitsui OSK Line drew benefit from shipments of cars to North America, the industry's only profitable activity. The other four attempted to

minimise losses through sales of securities holdings.

The ailing Japan Line suffered wider net losses of Y13.53bn bringing its accumulated deficit to Y59.69bn, on the verge of incurring a net liability.

It suffered pre-tax losses of Y9.51bn, despite gains of securities sales totalling Y4.20bn.

For the current year, Japan Line plans to push ahead with its drastic business rehabilitation plans announced late last year. The plans feature cuts in its workforce.

Japan Line said its prospects were brightening, as indicated by steady recovery in the tanker market. It expects overall sales to fall 10.8 per cent to Y165bn, but hopes to avert pre-tax losses. If it performs more poorly than projected, Japan Line intends to sell securities and other assets to stave off the asset shortfall.

Swire bids HK\$1bn for Hong Kong site

By David Dodwell in Hong Kong

SWIRE PROPERTIES, one of Hong Kong's leading property groups, took just 20 minutes yesterday to outbid three other contestants for a 16,150 sq m Victoria Barracks site behind the island's central financial district, paying HK\$1,005bn (US\$128.58m).

Last year Swire paid HK\$703m for the First Victoria Barracks site, and was thus favourite for yesterday's auction.

Mr Alan Foster, managing director, said the second site would cost about HK\$50m to develop. It will include retail and commercial office space.

The Sino-British Land Commission, set up a year ago to organise the territory's land sales programme up to 1997, will be the recipient of the funds.

The auction yesterday is expected to be the most expensive of 1986.

Rise in Fanuc's pre-tax profit below expectations

BY OUR TOKYO STAFF

FANUC, THE Japanese robot maker, achieved lower than expected pre-tax profits of Y39.5bn (S\$44.8m) for a rise of 12.5 per cent in the year to March.

The shortfall was attributed to a rise in cost-to-sales ratio and exchange losses stemming from the yen's steep ascent. Net profits were up 11 per cent at Y27.74bn.

However, for the current year, Fanuc's pre-tax profits are expected to plunge 40 per cent to Y35bn, on the conservative assumption that the yen averages Y160 to the dollar.

Sales advanced 20 per cent to Y170.03bn, on the strength of demand for computerised numerical control systems and a sharp increase in exports of industrial robots to the US. The company shipped about 2,500 units of these to GM, Fanuc, its joint venture with General Motors.

Fanuc boosted its per-share annual dividend by Y2 to pay

Australian Bank seeks listing

AUSTRALIAN BANK

Sydney-based commercial bank said yesterday it plans to seek a stock exchange listing and broaden its ownership base. AFBI reports from Sydney.

The bank also announced that its managing director, Mr Mark Johnson, plans to resign and will be replaced by Mr Dick Morath, currently general manager for finance at State Bank of New South Wales.

Mr Vic Martin, chairman, said the timing and details of the listing have yet to be determined, but the bank's two main shareholders, the MLC and Banque Paribas, plan to maintain their proportional holdings of 45 per cent each.

The British Printing & Communication Corporation plc

has acquired

Pergamon Journals Limited

The undersigned acted as a financial adviser to The British Printing & Communication Corporation plc.

Bankers Trust Company

This advertisement complies with the requirements of the Council of The Stock Exchange

Arab Banking Corporation (B.S.C.)

(Incorporated with limited liability in the State of Bahrain)

U.S. \$100 Million Floating Rate Notes Due 1996 and U.S. \$150 Million Floating Rate Notes Due 2000

It is hereby announced to the holders of the U.S. \$100 million floating rate notes due 1996 and to the holders of U.S. \$150 million floating rate notes due 2000 issued by Arab Banking Corporation (B.S.C.) that the audited annual report and accounts for the year ended 31st December 1985 of Arab Banking Corporation (B.S.C.) are available and copies may be obtained from the Bank at the following address in Bahrain:

Arab Banking Corporation (B.S.C.)
P.O. Box 5698, Manama, State of Bahrain

or through the branch of the company at their address in London:

Arab Banking Corporation (B.S.C.)
ABC House, 1-5 Moorgate, London EC2R 6AB, England.



JAPANESE RESULTS

DAIWA HOUSE INDUSTRY HOUSEBUILDING			NIPPON EXPRESS FREIGHT		
Year to	Mar '86	Mar '85	Year to	Mar '86	Mar '85
Revenues (bn)	368	318	Revenue (bn)	598	533
Pre-tax profits (bn)	14.15	17.32	Pre-tax profits (bn)	20.74	20.53
Net profits (bn)	11.28	12.02	Net profits (bn)	7.81	7.81
Dividend	9	9	Dividend	7.58	7.78

MITSUBISHI CHEMICAL INDUSTRIES CHEMICALS			OMRON TATSUJI ELECTRONICS CONTROL EQUIPMENT		
Year to	Jan '86	Jan '85	Year to	Mar '86	Mar '85
Revenues (bn)	1,241	1,222	Revenue (bn)	286	270
Pre-tax profits (bn)	24.07	25.31	Pre-tax profits (bn)	8.24	17.02
Net profits (bn)	7.54	23.39	Net profits (bn)	3.50	8.11
Dividend	2.47	20.83	Dividend	20.40	23.38

THE KINGDOM OF DENMARK

100,000,000 Floating Rate Notes due 1998

In accordance with the provisions of the Notes and the Agent Bank Agreement between The Kingdom of Denmark and Citibank, N.A., dated 22 November, 1983, notice is hereby given that the Rate of Interest has been fixed at 10 7/8% pa and that the interest payable on the relevant Interest Payment Date, August 27, 1986, against Coupon No. 11 will be £1,291.78.

May 28, 1986
By: Citibank, N.A., London, Fiscal Agent **CITIBANK**

ANOTHER SUCCESSFUL YEAR

From our 1985 Annual Report

Customer Loans	DM 1,040 m
Balance Sheet Total	DM 1,846 m
Total Business Volume	DM 2,427 m
Capital	DM 140 m

Further progress has been achieved in the first quarter of 1986. We are confident that the traditional services of a German private banking house, combined with the resources and expertise of Lloyds Bank worldwide, are a sound basis for continued healthy growth.

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GERMAN PRIVATE BANKING WITH AN INTERNATIONAL FLAVOUR

CITICORP

U.S. \$350,000,000 Subordinated Floating Rate Notes Due November 27, 2035

Notice is hereby given that the rate of interest has been fixed at 7.1625% in respect of the Original Notes and 7.25% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date June 30, 1986 against Coupon No. 7 in respect of US\$10,000 nominal of the Notes will be US\$65.66 in respect of the Original Notes and US\$66.46 in respect of the Enhancement Notes.

May 28, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

CITICORP

U.S. \$500,000,000 Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the rate of interest has been fixed at 7.1625% and that the interest payable on the relevant Interest Payment Date June 30, 1986 against Coupon No. 8 in respect of US\$10,000 nominal of the Notes will be US\$65.66.

May 28, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

Handwritten Arabic text at the bottom of the page.



INTERNATIONAL COMPANIES and FINANCE

Two fixed-rate Eurodollar issues in quiet trading

BY CLARE PEARSON THE EUROBOND market traded quietly yesterday as dealers in London returned to work after the spring public holiday. The dollar sector saw only two new fixed-rate issues, one \$200m deal for New Zealand.

Yamaha in French deal

BY DAVID HOUSEGO IN PARIS YAMAHA, the Japanese motor-bike manufacturer, has proposed taking a majority stake in MBK, formerly Motobecane, the French moped company which has been the subject of successive financial rescue operations.

THE BANKER TOP 500

For the past 16 years The Banker has researched and published the asset size and capital strength of the world's largest commercial banks. It began in 1970 with the TOP 300 and since 1980 increased the list to 500.

German credit unit may call for DM 8bn

BY JONATHAN CARR IN FRANKFURT KREDITANSTALT für Wiederaufbau (KfW), the state-owned West German credit institution, expects to tap the capital markets this year for close to the record DM 8.4bn it raised in 1985.

Philadelphia promises hot summer for currency futures in the US

THE FAST-MOVING and buoyant US foreign exchange futures and options sector is expected to have a hot summer. The CME, for its part, believes its vast experience in the sector will stand it in good stead.

THE MIDAM's recent effective takeover by the Chicago Board of Trade, the world's largest futures exchange, has prompted speculation that attempts might be made to revive its flagging forex fortunes.

The Marketing Director The Banker 102-108 Clerkenwell Road, London EC1M 5SA Tel: 01-251 9321 Telex: 23700 FTNBI G

FT FINANCIAL TIMES CONFERENCES WORLD ELECTRONICS - Strategies for Tomorrow's Markets London, 9 & 10 June 1986. This year's major forum on World Electronics will be the ninth to be arranged by the Financial Times.

Monday's DM 125m 6 1/2 per cent seven-year issue for Industrial Bank of Japan, led by BNP Paribas, also traded within its fees.

Founded in 1948 to help channel funds to rebuild German industry after the war, the KfW has since played a major role in the finance of the country's trade and foreign aid as well as providing cheap loans to small and medium-sized businesses at home.

This compares with currency volume of 3.7m in the whole of 1985. "Things are going super," enthuses Mr Staloff. Meanwhile, at the CME, first quarter forex futures and options volume totalled \$0.4m, against 19.13m in the whole of 1985.

In Asia, the CME has taken the initiative, helping the Singapore International Monetary Exchange to set up US dollar-traded D-Mark and yen futures contracts which are identical to those listed in Chicago.

Efim loan confirms lower margins

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT CONFIRMATION THAT loan margins for top Italian borrowers have fallen below the 1 per cent level has come with renegotiation terms on an Ecu 300m revolving credit for Efim, the state industrial financing concern.

Banque Worms' London purchase

BANQUE WORMS, the French merchant bank, is to establish itself in London by acquiring the London branch of American National Bank and Trust Company of Chicago, with all existing management and staff.

Forsyth cleared by Dubai court

BY OUR FINANCIAL STAFF MR LEN FORSYTH, formerly general manager of the Bank of the Arab Coast, has arrived back in Britain having been fully vindicated by a Dubai court of any wrongdoing in the affairs of the troubled bank.

N. AMERICAN QUARTERLIES

Table with financial data for CARLING O'KEEFE and FIRESTONE TIRE AND RUBBER, showing revenue, net profit, and other metrics for various periods.

NOVA AN ALBERTA CORPORATION Report for the Year Ended December 31, 1985. Includes Condensed Consolidated Balance Sheet, Statement of Income, and Earnings (loss) per common share.

This announcement appears as a matter of record only.

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May 1986

PRIVREDNA BANKA ZAGREB

FLOATING RATE NOTES
DUE 1986

In accordance with the conditions of the Notes, notice is hereby given that for the period 27th May 1986 to 25th June 1986 (29 days) the Notes will carry an interest rate of 8%.

Relevant interest payments will be as follows:
Notes of US\$1,000 US\$6.44 per coupon

CREDIT LYONNAIS (London Branch)
Agent Bank

J.P. Morgan & Co. Incorporated

DM 400,000,000

Floating Rate Subordinated Notes of 1985/1995
— Stock Index No. 476 966 —

In accordance with § 2 (5) of the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 4 7/8% p.a. for the Interest Period 27th May, 1986 to 27th August, 1986 (92 days). Interest accrued for this Interest Period and payable on 27th August, 1986 will amount to DM 124.58 per DM 10,000 Note and DM 3,114.59 per DM 250,000 Note.

May 1986

Interest Determination Bank:

MORGAN GUARANTY GMBH,
Frankfurt am Main

INTL. COMPANIES & FINANCE

Trinidad and Tobago warms to foreign partners for industry

BY CANUTE JAMES, RECENTLY IN PORT OF SPAIN, TRINIDAD

WITH REDUCED demand for its oil over the past two years, followed by the current fall in prices, Trinidad and Tobago has been moving to diversify its one-legged economy by luring major investors from Europe and the US. Unlike its neighbours, however, the two-island Caribbean republic is not aiming for investments in light industries but is, instead, concentrating on heavy industry, mainly petrochemicals, fired by its cheap, abundant reserves of natural gas.

The results so far have been mixed, although government officials say that investments by major companies so far outweigh the setbacks to the heavy industrialisation programme and that there are hopes now for attracting investors from the Middle East.

The latest addition to the list of major investors in the country's petrochemical sector is not a stranger to the country. W. R. Grace and Company of New York is putting \$245m into expanding an ammonia plant in which it is a partner with the government.

The company, Tringen, of which W. R. Grace owns 49 per cent with the Trinidad and Tobago Government having the marginal majority stake, is being expanded to produce 900,000 tonnes of ammonia per year—500,000 tonnes more than its current capacity.

The expansion is scheduled to be completed by January, 1988, and W. R. Grace is to purchase 40 per cent of the production on a take-or-pay basis, with the remainder to be sold on the

open market, either on short-term contracts or spot sales. The plant is located on a 2,000-acre industrial estate at Point Lisas in southern Trinidad, the centre of the attention of the foreign companies and which is fuelled by gas from the country's known reserves of 22 trillion (million million) cubic feet.

W. R. Grace's decision to increase its involvement in Trinidad and Tobago's fledgling heavy industrial sector followed a route set for the centrepieces of the industrial estate by two European companies. Voest Alpine of Austria and Neue Hamburger Stahlwerke have taken over the operations of the financially troubled Iron and Steel Company of Trinidad and Tobago (ISCOTT).

The companies have formed a joint venture with the Government which had undertaken a wide-ranging search for foreign partners to run the mill, which began recording heavy losses since it was brought on stream in 1981.

ISCOTT has two direct reduction plants with a combined capacity of 900,000 tonnes per year, and with 700,000 tonnes of billets and 600,000 tonnes of wire rods. It was built at a cost of US\$460m, but lost US\$109m in 1982 and US\$93m in 1983, forcing the Government to provide US\$88m to support the plant that year, and US\$167m in 1984.

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prevent setbacks such as those to which the performance of other plants on the industrial estate, and in which foreign companies have been involved. Amoco Oil of Chicago, a subsidiary of Standard Oil (Indiana), has a 49 per cent stake in the second ammonia plant.

A urea plant, owned by the Government and which has found markets in China and India, was constructed by Snamprogetti of Italy, and has a rated capacity of 500,000 tonnes per year. Toyo Engineering of Japan constructed the industrial estate's other major plant, an ammonia facility of 440,000 tonnes per year, which is also owned by the Government.

While Government officials display optimism about increasing the size of the petrochemical sector through more foreign investment, they are reluctant to name the heavy new companies.

By all indications, the effect of increasing industrialisation with foreign partners is paying off. Government figures show an increase in exports of ammonia, urea and methanol last year.

There could also be a growing opportunity for Trinidad and Tobago's heavy industry. With a general election due in nine months, public opinion polls have put the opposition ahead of the ruling party. If a general election is held, the opposition leader, Sir Eric Williams, would be elected to office.

Officials are keen, however, to

Inertia Dynamics finds growth in gardens

BY ADRIAN DICKS

THE HUMBLE two-stroke engine does not, at first sight, seem to be the stuff venture capitalists' dreams are made of. If a small self-confident Arizona company is right, however, its carefully patented two-stroke engine has a clear lead in a market which it claims could double by next year—the automation of garden jobs. Inertia Dynamics, with net income of \$1.19m on sales of \$25.3m in 1985, already claims second place in the US market for petrol-driven grass trimmers. It has followed this

leaf blowers and, this summer, is introducing into North American garden centres a series of products which will allow trimmers, blowers, out-crowns and cultivators to be attached to a basic hand-held motor unit. Mr Gardiner Dutton, co-founder and chairman of IDC, says low manufacturing costs are achieved because the company makes its own engines. A patented progressive dye-stamping process is used, instead of the more usual forging, for turning out cylinder blocks and other parts.

The company went public in February 1985, the stock is listed on the Nasdaq national market and has recently been trading at \$5, giving a price/earnings ratio of about five. This follows a doubling of first quarter 1986 earnings to 40 cents a share.

In November IDC decided to take over direct marketing of Ryan, the largest of the private labels it supplies. This accounted for 51 per cent of company unit sales in 1985.

Selling prices have been held where they have not been cut, while an eightfold increase in

production over the past six years has been achieved by an unchanged workforce.

From an estimated \$100m in 1980, the US market increased to \$200m in 1985. Mr Dutton predicts it will reach \$400m next year, where it will stabilise and will depend mainly on replacements by the mid-1990s.

Meanwhile, IDC has the labels it supplies. The 25 per cent of the same period a year earlier, helping IDC's first quarter earnings to double to \$913,000.

while an eightfold increase in

Company Notices

FIDELITY AUSTRALIA FUND N.V.

Registered Office: 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles

NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS: Please take notice that the annual general assembly of shareholders of Fidelity Australia Fund N.V. (the "Corporation") will be held at 10.00 a.m. at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, on June 17, 1986.

The following matters are on the agenda for this meeting:
(1) Approval of the report of the management
(2) Election of nine managing directors
(3) The chairman of the management proposes the re-election of Edward C. Johnson 3D1, William L. Byrnes, Charles A. Fraser, Hiashi Kurokawa, John M. Jones, 1988, Peter J. Pearson, Harry G. A. Seggerman, H. F. Van den Hoven

(4) Approval of the financial statements of the Corporation for the fiscal year ended February 28, 1986.
(5) Ratification of actions taken by the managing directors since the last annual general assembly of shareholders.

(6) Such other business as may properly come before the meeting. Holders of registered shares may vote by proxy by mailing a form of proxy obtained from the Corporation's principal office at Pembroke Hall, Pembroke, Bermuda, or from the Bank of Bermuda Limited, Front Street, Hamilton, Bermuda, to the Corporation at the following address:

Fidelity Australia Fund N.V.
c/o Corporate Trust N.V.
16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles

Holder of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares to the fund at the above address. Alternatively, holders of bearer shares may exercise their rights personally at the meeting may deposit their shares, or a certificate of deposit, with the Corporation at 16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

Holder of bearer shares may obtain a form of proxy and certificate of deposit from the following institutions:
Fidelity Australia Fund N.V., Pembroke, Bermuda
Fidelity International Management Limited, 25 Love Lane, London EC2R 8LL, England
The Bank of Bermuda Limited, Front Street, Hamilton, Bermuda
Kreditbank S.A., Luxembourg
Luxembourgeoise, 43, Boulevard Royal, Luxembourg

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 9.00 a.m. on June 17, 1986, in order to be used at the meeting.

By Order of the Management
Charles T. M. Collins
Secretary

T.C.H. INVESTMENTS N.V.

NOTICE IS HEREBY GIVEN to holders of Bearer Depository Receipts (BDRs) representing shares in T.C.H. Investments N.V. (the "Company") that the Annual General Meeting of Shareholders of T.C.H. Investments N.V. will be held on 27th May 1986, at 11.00 o'clock a.m. at the offices of the Secretary, Messrs. H. J. & P. N. O'Brien, 11, Old Broad Street, London EC2A 4DU, England.

The following matters are on the agenda for this meeting:
(1) Approval of the report of the management
(2) Election of nine managing directors
(3) The chairman of the management proposes the re-election of Edward C. Johnson 3D1, William L. Byrnes, Charles A. Fraser, Hiashi Kurokawa, John M. Jones, 1988, Peter J. Pearson, Harry G. A. Seggerman, H. F. Van den Hoven

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c/o Corporate Trust N.V.
16-A Pietermaai, Willemstad, Curacao, Netherlands Antilles

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Fidelity International Management Limited, 25 Love Lane, London EC2R 8LL, England
The Bank of Bermuda Limited, Front Street, Hamilton, Bermuda
Kreditbank S.A., Luxembourg
Luxembourgeoise, 43, Boulevard Royal, Luxembourg

Legal Notice

THE COMPANIES ACT 1985

JACK PHILLIPS (FURS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the Creditors of the above-named Company will be held at 1, Raymond Buildings, Gray's Inn, London WC2R 6BH on Thursday 29th May 1986 at 11 o'clock in the forenoon, for the purposes mentioned in Sections 588 and 590 of the said Act.

Dated the 27th day of May 1986.
By Order of the Board
J. PHILLIPS
Director

Legal Notices

MUSOMATICS (CORNWALL) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 30 Eastbourne Terrace, London W2 6LF, on Monday the 2nd day of June 1986 at 12.00 o'clock in the forenoon, for the purposes provided for in Sections 588 and 590.

Dated the 19th day of May 1986
F. J. ANGLISS
Director

MONETCROSS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985 that a Meeting of the Creditors of the above-named Company will be held at the offices of EDWARD CURTIS & CO., 30 Eastbourne Terrace, London W2 6LF, on Friday the 6th day of June 1986 at 12.00 o'clock in the forenoon, for the purposes provided for in Sections 588 and 590.

Dated the 20th day of May 1986
P. MARTYN
Director

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- FINCHLEY Ballards Garage Tel: (0) 346 6096
- KENSINGTON Ace Kensington Tel: (0) 937 5691
- KINGSTON-UPON-THAMES Home Park Garage Ltd Tel: (0) 546 9516
- PICCADILLY Saab Piccadilly Ltd Tel: (0) 409 0990
- SLOUGH Saab Haymill Ltd Tel: (02814) 5111
- STAINES Jefferson Carr Centre Tel: (0784) 63233
- WATFORD Viking Autos Ltd Tel: (0923) 55200
- WIMBLEDON Saab Wimbledon Ltd Tel: (0) 543 4012



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Personal

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Art Galleries

CRANE GALLERY, 171a, Soho, W. 1st Floor, London W1. Tel: 01-259 2454. Visit London's most outstanding gallery in the heart of Knightsbridge. English Primitive Paintings and "Americana". Unique objects to enhance your home. Quilts, Samplers, Furniture, Decors, etc. Mon-Fri. 10-6, Sat. 10-4.

Clubs

EVE has outdied the others because of a policy of fair play and value for money. Summer from 10.30-5.00 am. Disco and live musicians. Glassport, Redwood, 189, Regent St. W1. 01-754 0857.

سكوت من الاموال

UK COMPANY NEWS

Strong support given to Allied-Lyons' £1.3bn bid

BY TERRY POVEY
SHAREHOLDERS IN Allied-Lyons yesterday gave the group's board unexpected support...

Holden-Brown, group chairman, said that the extent of shareholder backing was a vote of confidence in the board for its determination to pursue Allied's long-term business interests...

Menzies buying US publisher for £2.7m

By Terry Garrett
John Menzies, the Scottish-based retail group, is paying \$4m (£2.7m) to acquire Readmore Publications, a private New York periodicals subscription agency...

Scottish National asset value and dividend rise

NET ASSET value at Scott's National Trust improved to 357p in the six months to March 31 1986, compared with 292p at the comparable stage in 1985...

from last year's 3.55p. During the half year, the funds temporarily held in gilts were sold, and reinvested in the American market...

Hampton Areas urges rejection of Metals' bid

BY KENNETH MARSTON, MINING EDITOR
London's Hampton Gold Mining Areas natural resources group is urging shareholders to reject the offer of 130p cash per share made for it by Australia's Metals Exploration...

Meanwhile, fresh valuations have been commissioned of all Hampton Areas' major assets, and present indications are that these will result in an asset value substantially in excess of the Metals Exploration offer.

N. American Trust asset value climbs to 463p

Northern American Trust's net asset value per 25p share stood at 463p at the end of the six months to April 30 1986 compared with 323.1p a year earlier.

Earnings per share decreased from 3.13p to 1.63p and the interim dividend is unchanged at 1.6p. However, the board intends to maintain last year's 5.4p total dividend although it will not be fully covered by revenue.

COMPANY NEWS IN BRIEF

HANSON TRUST has received acceptances in respect of over 90 per cent of its proposed acquisition of the remainder of the company's shares...

Joseph E. Seagram & Sons, the North American oiler, has announced details of its agreed \$6m purchase of the Isis Group's plant hire business...

COMMERZBANK OVERSEAS FINANCE N.V. U.S.\$ 150,000,000 Floating Rate Notes Due 1989

No-one plays a part in more industries than The Stock Exchange. Advertisement featuring various items like a hard hat, a record, a ladder, a boot, a beer, a TV, a chair, a typewriter, a keyboard, a steering wheel, and a can of beer, all with 'THE STOCK EXCHANGE' written on them.

It's true that The Stock Exchange has been expanding recently - into such areas as international securities and traded options. But into aircraft? Electronics? High fashion? Well, yes and no. As Britain's central market in securities, The Stock Exchange's central role is to provide an opportunity for companies in all of these industries - and hundreds of others - to find people who want to invest in them.

THE STOCK EXCHANGE

London · Belfast · Birmingham · Bristol · Dublin · Glasgow · Leeds · Liverpool · Manchester · Newcastle

ANCE rms to ustry

in garden

Handwritten Arabic text at the top of the page.

UK COMPANY NEWS

Charles Batchelor reports the latest stage of a six-year siege
Still no room at Savoy for THF

The Savoy Hotel group, owners of a clutch of prestigious upmarket hotels in London and Paris, yesterday defeated the latest attempt by Trusthouse Forte, the much larger hotels and catering chain, to take a hand in its affairs.

Appropriately enough, for a battle for control of Claridge's, The Berkeley, the Lancaster in Paris, and the Savoy itself the latest round in Trusthouse Forte's six-year siege took place amid the gilt and glitter of the Savoy's River Room.



Sir Anthony Tuke (left), chairman of Savoy Hotel and Mr George Procter, legal director of THF.

THF, in the shape of its mild-mannered but persistent legal director, Mr George Procter, insisted on a count by the number of votes represented by the show of hands. While this produced a slimmer majority the Savoy still carried the day. Shareholders east 2.3m votes in favour of the board's motion while 2.35m votes were cast against.

"There will be no change in this policy," the directors would not issue only B shares but would feel able to weight any issue in favour of the A shares, something the Savoy's critics would regard as a good step, he added.

The Savoy currently has 27.69m 10p nominal "A" shares in issue, with 2.77m votes, and 1.5m 5p "B" shares with 2.61m votes.

Goldberg at £2.6m as retail side recovers

A. Goldberg & Sons, engaged in departmental stores and consumer credit, has increased full-year profits from a depressed £940,000 to a record £2.56m pre-tax, mainly reflecting a sharp recovery to the retail side.

Style Financial Services, the consumer credit operation, contributed a higher £1.24m, against £864,000. During the year 60 per cent of Style was sold to the Royal Bank of Scotland for £2.8m.

Wrygges Man units later this year. A. Goldberg has pleased a rather sullen post-holiday market with these figures. A recovery from 1984-85's trough was expected but the result achieved was £250,000 better than most analysts were looking for.

Plessey achieves £170 million pre-tax profits

- Operating profit increased by 13.4%
- Cash balances up by £80 million
- 225 System X exchanges completed

1985-86 Preliminary results
An extract from The Plessey Company's unaudited consolidated results

	52 weeks ended 28 March 1986 £000	52 weeks ended 29 March 1985 £000
Turnover	1,461,055	1,415,741
Operating profit	162,467	143,265
Profit before taxation	170,174	163,655
Profit before extraordinary items	99,491	93,544
Earnings per share	13.49p	12.70p

If approved at the Annual General Meeting on Thursday, July 10, 1986, the proposed final dividend of 2.962p per share will be paid on November 3, 1986. This dividend, together with the interim dividend already declared, will amount to a total dividend for the year of 5.034p per share.

Copies of the full Report and Accounts for 1985-86 will be posted to shareholders on June 16, 1986.

The Plessey Company plc
Vicarage Lane, Ilford, Essex IG1 4AQ

PLESSEY
Technology is our business.

Ladbroke pays £22m for retired homes group

Ladbroke Group, the hotels, property and betting shops company, has moved into the growing UK retirement homes market with the acquisition of Gable House, a property and investment company, for £22m.

Ladbroke said that it placed particular emphasis on the continued expansion of the retirement homes division and added that the best means of entering this sector is through the acquisition of a company with a proven track record.

Irrevocable undertakings to acquire the shares of the six directors — Mr A. Goldberg, Mr H. Harris and Mr J. D. Goldberg — who own 38.32 per cent of the share capital.

Coloroll's 63% increase slightly above expectations

Coloroll, one of the leading designers and manufacturers of products for the home fashion market, has slightly exceeded expectations with a 63 per cent increase in full-year pre-tax profits to £6.23m compared with £3.81m previously.

Commenting on the lifting of the bid for Staffordshire Pottery the chairman made it clear that he intended to take control eventually. He said: "Despite the lifting of our bid we currently own 29.9 per cent of the ordinary shares and over 48 per cent of the fully diluted equity. Our intention is to create a new company, probably in the form of a public limited company, which will be controlled by the shareholders."

Dunhill Holdings, the luxury consumer products subsidiary of Rothmans International, earned just over £20m pre-tax in 1985-86 — a 53 per cent increase over the previous year and the third successive year of record profits.

Chloé, a French fragrances and fashion company, made a small contribution to the profit in its first year in the group. Management has been strengthened and a programme for the future development of this company has commenced.

Hawker Siddeley, the international electrical and mechanical engineering group which already owns 49 per cent of Safetran Systems Corporation, has purchased the majority 60 per cent holding of the company from CCI Corporation for \$30m (\$20m) in cash.

Elbar board and auditors under fire. Elbar Industrial, the loss-making motor vehicle distributor and engineer, came under fire at the annual general meeting of shareholders in London yesterday.

DIVIDENDS ANNOUNCED

Company	Date	Current payment	Corro-Total	Total
Bleichl Tia	Aug 22	0.65	0.65	0.65
Coloroll	Aug 22	0.65	0.65	0.65
Dunhill Holdings	July 23	2.3	5.5	3.8
FKI Electricals	Aug 18	0.28	0.78	0.5
A. Goldberg	—	0.5	4	1
Hunter Saphir	July 22	1.05	2.5	1.75
Ind. & Assoc. Dev.	Oct 2	0.24	0.24	0.24
Monks Inv. Trst.	July 30	1.3	2.8	2.4
N. American Trst Int.	July 8	1.4	—	5.4
Pericent	July 1	nil	—	1.3
Scottish National ... Int.	June 24	1.7	—	4.85

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High	Low	Company	Price	Change	Gross Yield	Div. Yield
146	119	Ass. Brit. Ind. CILS	131	—	10.0	7.4
181	121	Ass. Brit. Ind. CILS	136	—	8.4	6.7
46	28	Armitage and Rhodes	36	+3	15.8	10.7
177	109	Barron Hill	173	—	4.0	3.6
207	80	CCI Ordinary	86	—	4.9	5.5
152	88	CCL 1190 Conv. Pt.	89	—	15.7	15.9
130	80	Carborundum 7.5c Pt.	84	—	9.1	7.1
94	83	Carborundum 7.5c Pt.	84	—	10.7	11.8
85	48	Deborah Services	56	—	7.0	5.5
112	80	Frederick Perker Group	110	—	—	—
68	20	Ind. Precision Castings	28	—	3.0	4.3
218	158	Isis Group	158	—	15.0	12.0
123	101	Jackson Group	107	—	5.8	4.0
346	228	James Burrough	322	+2	4.8	8.0
98	85	James Burrough Spcl. Pr.	98	—	12.9	10.2
55	38	John Howard Group	42	—	12.5	5.5
138	87	Minihouse Holding	128	-20	5.0	5.9
240	260	Record Highway Ord.	340	—	6.7	4.2
100	85	Record Highway Spcl. Pr.	95	—	10.7	10.7
82	32	Robert Jenkins	30	—	14.1	14.8
34	28	Scruttons "A"	30	—	—	0.1
87	86	Tanday and Carlisle	71	+1	5.2	8.0
170	130	Tredan Holdings	220	—	7.8	2.8
57	28	Unifac Holdings	85	—	2.8	0.9
178	158	Walter Squander	170	—	8.8	8.8
228	140	W. S. Vaux	180	—	12.4	5.4

UK COMPANY NEWS

Interims resumed as Pericom makes £1m

ON THE strength of a near £1m taxable profit at halfway, compared with a small loss last time, Pericom, a USM quoted computer hardware manufacturer, is to resume interim dividends with a 1p payment and expects to at least maintain the final at 1.5p.

The improvement in the six months to March 31 1986—profit of £977,000 against a £55,000 loss—follows the return to the black by the company in the last second half, and the directors say that the indications for the full year outcome are encouraging. The forward order book remains satisfactory.

Turnover for the half year came to £8.65m (£4.44m). After a tax charge of £395,000 (£9,000) earnings per share came to 7.5p (loss 0.6p).

R&D expenditure is running at a higher level than last year, and will continue, say the directors, in order to ensure continuous product enhancement.

The wholly owned US subsidiary showed a small interim loss, and the situation is not expected to improve, given current exchange rates, until significant quantities of new colour products are available for shipment later this year.

A French subsidiary Monterey Technology is expected to break even within six months—initial costs will be written off during the second half.

comment

Pericom's first-half figures last year were hit by the heavy costs incurred in launching its Monterey range of graphics terminals, but the resurgence which began in last year's second half has carried through into this year's first to produce a dramatic turnaround. The sales growth is coming from the UK and abroad, with exports up from 28 per cent last year to 40 per cent now, but seems likely to be mitigated by seasonal influences in the second half to produce something like £2m for the full year.

With the shares of 7p at 138p and a tax charge of 41 per cent, the rating continues to look miserably at 9, but gone are the days of fancy multiples for computer hardware manufacturers.

In spite of Pericom's attempts to diversify, the market remains sensitive to the company's past misfortune with VDUs and is already looking ahead to the day the current product line reaches the end of its life cycle.

Radio City exhibition losses up sharply

CONTINUED losses at the Beale City exhibition left Radio City (Sound of Merseyside) £169,000 in the red at the pre-tax level for the first six months of the 1985-86 year. However, the exhibition has been transferred to Transworld Leisure for £500,000 cash and no further losses are expected from this operation.

In all, Radio City is benefiting a number of economies and anticipates that there will be a trading profit in the second six months to end-September.

There is again no interim dividend—first half losses last time amounted to £49,000. Loss per share was 6.11p (1.85p). The 25p shares are traded on the USM.

Turnover for the period under review declined from £1.42m to £1.1m. Trading losses of £138,000 (£32,000) included non-recurring redundancy costs and an exceptional credit of £10,000 from the sale of ordinary and loan stock in March.

Sound which had previously been written off.

Southern Business

Southern Business, the Croydon-based photocopying machine supplier, has agreed to buy 50 per cent of Benworth Copying Machines, a distributor with offices in Orpington and Southampton, for £771,450 in cash and 163,250 new Southern shares.

Benworth's principal shareholder is Mr John Murray, a non-executive director of Southern. The company supplies Ricoh, Sharp and Canon equipment to 2,000 customers and expects to make pre-tax profits of £300,000 in the year to May 31.

Seafield

Seafield, Irish textile and PVC coated fabric producer, finished the 1985 year with a loss of £186,000 (£166,000), compared with a profit of £117,000. And from the usual charges there was £58,000 redundancy and other employee termination costs, and interest was £153,000 (£96,000).

Loss per share came to 8.8p (earnings 4.2p) and 27.5p (3.3p) after extraordinary debits of £490,000 (£23,000). This included a £418,000 provision against investment in Cerdac.

Yearlings

The interest rate for this week's issue of local authority bonds is 9½ per cent, down ¼ of a percentage point from last week, and compares with 12½ per cent a year ago. The bonds are issued at par and are redeemable on June 3 1987. A full list of issues will be published in tomorrow's edition.

Midsummer profits leap

Midsummer Inns, the public houses and discotheque concern which formerly traded under the CAMRA name, yesterday reported greatly improved profits for the first half of the 1985-86 year. At £404,000 pre-tax, these were £293,000 ahead of last time.

Earnings per share rose from 10.3p to 11.5p, adjusted for the £4m rights issue last January. The company, which has a USM place, does not pay interim dividends, but Mr Adam Page, the chairman, says that the final will be increased from last times 2.5p to reflect the company's progress.

"The second half has started well and I expect to be able to report a further substantial

improvement at the year end," says Mr Page, whose Switland group has a controlling interest in Midsummer.

He adds that the half year results reflect the improvements in management, trading and developments which have been initiated during the past year. "The new administration is constantly improving efficiency and profitability."

Charnwood Shopfitters has expanded its resources. In addition to developing new sites, the company has also continued the policy of selective acquisitions, and now has a very full development programme.

Turnover rose by more than £2m to £2.95m, and the company again paid no tax.

COMMERZBANK OVERSEAS FINANCE N.V.

U.S.\$ 100,000,000 Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby given that for the six-month period from May 15, 1986 to November 15, 1986 the Notes will carry an interest rate of 9½ per cent with a coupon amount of U.S.\$ 511.11 on U.S.\$ 10,000— and U.S.\$ 2,565.56 on U.S.\$ 50,000.—

Frankfurt/Main, May 1986

COMMERZBANK

All change at Charing X.

Today's hospitals are about symptoms and illness. We want to change all that.

Charing X Medical Research Centre is about causes and health. Because the best of cures is many times worse than not being ill in the first place.

Agreed? Then please support us!

A hundred pounds to make patients more comfortable is soon completely used up. The same hundred pounds directed at rooting out a disease may never be used up. If research to that end is successful then the suffering it prevents is limitless. Incalculable numbers of people will benefit for generations to come. We need gifts from companies, charitable trusts, societies, schools and not least from individuals if our appeal is to succeed. So please act now.

CHARING CROSS MEDICAL RESEARCH CENTRE APPEAL
Please send your donation, as soon as possible, to: The Honorary Treasurer, Charing Cross Medical Research Centre Appeal, 100 Wood Street, London EC2 2AJ.

Name: _____
Address: _____
Amount Enclosed: Tick for Acknowledgement

THE SCOTTISH NATIONAL TRUST PUBLIC LIMITED COMPANY

(An investment company within the meaning of Section 286 of the Companies Act 1985 incorporated in Scotland on 10th July, 1964 under the Companies Acts, 1908 to 1917 — No. 13250)

Placing of £25,000,000 10 per cent. Debenture Stock 2011 at £97.749 per cent.

Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

In accordance with the requirements of the Council of The Stock Exchange, £2,500,000 of the Stock is available in the market on the date of publication of this advertisement.

Listing particulars relating to the Stock are available in the statistical service of Extel Statistical Services Limited and copies may be obtained, up to and including 30th May, 1986, from the Company Announcements Office of The Stock Exchange (for collection only) and, up to and including 11th June, 1986, from:—

- The Scottish National Trust PLC, Ashley House, 161-195 West George Street, Glasgow, G2 2HB
- Cazenove & Co., 12 Tokenhouse Yard, London, EC2R 7AN
- Greig, Middleton & Co., 78 Old Broad Street, London, EC2M 1JE and 139 St Vincent Street, Glasgow, G2 5JP

28th May, 1986

سكوتيا المالية

Jackson Group

Construction and Industrial Services

ANNUAL RESULTS

"All divisions operated profitably..... We look forward to further progress in 1986"

reports F. Jackson, chairman.

Year to 31 December	1985	1984
	£000	£000
Turnover	33,591	31,072
Pre-tax profits	1,323	1,243
Earnings per share	14.7p	14.9p
Dividends per share	4.30p	3.85p
Net assets per share	141p	133p

The Company's shares are traded on The Granville OTC Market. Full Report and Accounts are available from Jackson Group Plc, Dobbs Lane, Kesgrave, Ipswich.



Woodside Financial Services Ltd.

(Incorporated in the State of Victoria)

U.S. \$300,000,000

GUARANTEED FLOATING RATE NOTES DUE FEBRUARY 1997

Unconditionally Guaranteed by The Industrial Bank of Japan, Ltd.

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from May 28 to August 28, 1986 the Notes will carry an interest rate of 7¼% per annum. The amount payable on August 28, 1986 will be U.S.\$4512.15 and U.S.\$180.49 respectively for Notes in denominations of U.S.\$250,000 and U.S.\$10,000.

The Chase Manhattan Bank, N.A., London, Agent Bank May 28, 1986

The LONDON STANDARD

A GREAT NEWSPAPER

FOR A GREAT CITY

JUDGEMENT DAY FOR BRITISH BUSINESS

TUESDAY JUNE 10

On June 10th, at a luncheon at the Savoy, British business will have a lot to digest.

Its leaders will sit in judgement on their own ability to communicate.

The topmost brass from Britain's top 100 companies and the City will be served the most authoritative survey to date on corporate communications.

Communications? Isn't that the subject that Chief Executives hand swiftly down the line?

Evidently, not any more. As our survey clearly shows. We sought and got views from the highest levels of industry and commerce; from the City, Parliament and the financial media; and from a broad spectrum of private and institutional shareholders.

From such a disparate sample, there was a surprising amount of agreement:

Corporate communications matter a lot, and are likely to matter more in future.

Indeed, they're key to corporate policy-making.

Now you'd expect to hear that from people in PR, advertising and the media.

But the London Standard Survey is unique in questioning the people who pay for the campaigns and the people they're aimed at.

Names are named. Punches aren't pulled.

Among the subjects probed for us by financial communications firm Dewe Rogerson:

What lessons can be learned from recent bloody take-over battles?

How are communications involved in the spectacular spread of share-ownership?

And what of life after Big Bang? Will you wake up to find your company owned by parties unknown on the far side of the world?

If you're concerned with any kind of corporate communications, investor relations or the strategies of corporate acquisition or defence, you should read the London Standard Survey.

Following its introduction on June 10th, we'll be holding a seminar on the 27th to go into it more deeply.

If you'd like a copy of the survey, telephone 01-353 0355. And judge the whole business for yourself.

FT LAW REPORTS

Digest of cases reported in Easter Term

FROM APRIL 9 TO APRIL 30 1986

Argyll Group plc and Others v Distillers Co plc (FT, April 9)
In its attempt to prevent further steps towards the merger between Guinness and Distillers, the Argyll Group applied to the Court of Session in Edinburgh for an injunction on the ground that the merger contravened Article 86 of the EEC Treaty as constituting an abuse of a dominant position.

Comba Holdings (UK) Ltd v Heman and Another (FT, April 11)
While section 497 of the Companies Act 1985 required a receiver appointed under a floating charge to send annual accounts to the company, this statutory obligation was not exhaustive.

Standard Chartered Bank v International Tin Council (FT, April 22)
International organisations such as the International Tin Council had never been recognised at common law as entitled to sovereign status.

Compagnie Europeenne de Cereals SA v Tradax Export SA (FT, April 15)
In a dispute arising out of the US soyabean embargo of 1973-8, the court was asked to grant an injunction restraining the buyer, Tradax, from pursuing an arbitration on the ground that it had become time-barred under the Limitation Acts.

Leigh & Silavan Ltd v Allakon Shipping Co Ltd (FT, April 29)
The buyers of steel coils under a c and f contract reached an agreement with the sellers that the cargo was to be held on its arrival to the sellers' sole order.

F.T. CROSSWORD PUZZLE No. 6,032

Crossword puzzle grid with clues for Across and Down.

- ACROSS
1 Laggard laid out, right? (8)
2 Stick a number on present (6)
3 Sailors plot together or separate (8)
4 The old writer wants quarters with a bed in (6)
5 Cream—some people feel it endangers health (5)
6 Thinks a lot of his never properly (8)
7 Assassination for backing communist spirit (6)
8 Turkish furniture (7)
9 Excel in public work (7)
10 A steed, not a ferry (6)
11 Pretending being understanding (6, 3)
12 Present a problem about one's balance (5)
13 Writing a note to criticise value again (8)
14 After study wait at table, causing a jam (8)
15 Slip away to change please (6)
16 Bound to include many a woman, it's recalled (8)
DOWN
1 A tradesman who'll give players a hand (6)
2 Lads use it—resulting possibly in exhaustion (9)
3 In winter sermons should be short (5)

Potato Marketing Board v Drysdale (FT, April 23)
When the Potato Marketing Board issued a summons against Mr Drysdale who, as a registered potato producer, was liable to pay a levy for exceeding his area contribution, he contended that the levy was illegal under the EEC Treaty.

Sherdley v Sherdley (FT, April 25)
Mr Sherdley, a divorced father, who had custody, care and control of his children, sought an order allowing him to pay school fees direct to the school with regard to periodical payments which he made to the children.

Leigh & Silavan Ltd v Allakon Shipping Co Ltd (FT, April 29)
The buyers of steel coils under a c and f contract reached an agreement with the sellers that the cargo was to be held on its arrival to the sellers' sole order.

Igbo v Johnson & Matthey Chemicals Ltd (FT, April 28)
When Mrs Igbo went abroad for her holiday, she signed a written agreement with her employer that if she failed to return to work on a specified date, her contract of employment would automatically terminate.

Advertisement for The Financial Times proposing a survey on Corporate Communications on Monday June 9th 1986.

AUTHORISED UNIT TRUSTS

Table listing various authorised unit trusts with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts, their managers, and performance data.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

Financial Times Wednesday May 28 1986 (repeated header)

Table of National Provident Institution and other financial entities, including details on National Provident Institution, National Mutual Life Assurance Co Ltd, and various other funds.

INSURANCES section listing various insurance companies and their details.

Handwritten signature or mark at the bottom center of the page.

Handwritten text: 1986

Table of financial data including various fund names, codes, and values.

INSURANCE, OVERSEAS & MONEY FUNDS

Main table of insurance, overseas, and money funds with columns for fund name, code, and value.

Table of money market and bank accounts with columns for fund name, code, and value.

OFFSHORE AND OVERSEAS

Table of offshore and overseas funds with columns for fund name, code, and value.

TRADITIONAL OPTIONS

Table of traditional options with columns for fund name, code, and value.

NOTES

Notes section providing additional information and disclaimers regarding the fund data.

TRADITIONAL OPTIONS

Table of traditional options with columns for fund name, code, and value.

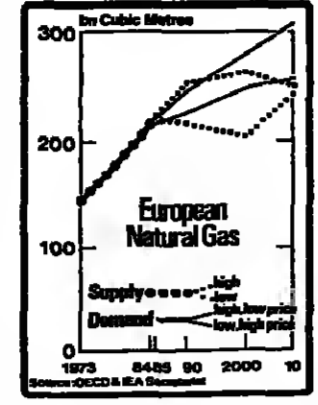
COMMODITIES AND AGRICULTURE

Swiss silver refinery planned

THE SWISS COMPANY Metalex Precieux SA... Neuchâtel, is in October to open a new silver refinery...

Gas shortages on horizon

THE WORLD is floating on a bubble of natural gas which is likely to provide a comfortable surplus over the needs of most industrial countries for several years.



LONDON MARKETS

LONDON coffee futures values ended sharply lower after a confused day's trading yesterday. Steady sentiment was encouraged during the morning by news that Colombia had introduced a 15 per cent limit on export rebates...

INDICES

Table with columns for REUTERS, DOW JONES, and various market indices with their respective values and changes.

US MARKETS

MANY MARKETS showed only sluggish activity, with coffee yet again providing the main interest amongst the main reports...

NEW YORK

Table listing various commodities like ALUMINIUM, COCOA, COPPER, and their prices in New York.

Brussels compromise on pig regime

FRANCE AND THE UK yesterday won a further month's protection for their pig farmers as EEC Agriculture Ministers...

Pepper supply shortfall forecast

EXPORTABLE production of pepper will this year be 30,000 tonnes short of demand (equivalent to about two months' supply), according to the International Pepper Community...

Harsh spring leaves its mark

AFTER THE bitterly cold, late spring the crops and the farm are looking a better colour—dark green and with a fair cover, but in no way lush. Looked at from the ground the winter wheat and barley does not seem too bad, but the overall view would show many bare patches where frost killed out the plants...

LONDON METAL EXCHANGE WAREHOUSE STOCKS table showing prices for Aluminum, Copper, Lead, Nickel, Tin, Zinc, and Silver.

Table with columns for COCOA, NICKEL, TIN, ZINC, and SOYABEAN MEAL, listing prices and business status.

Table with columns for WHEAT, BARLEY, and RICE, listing prices and business status.

Table with columns for RUBBER, POTATOES, and GAS OIL FUTURES, listing prices and business status.

FARMER'S VIEWPOINT by John Cherrington. A long article discussing the impact of a harsh spring on farming, crop yields, and weather conditions.

Table with columns for SILVER, GOLD AND PLATINUM GROUPS, GRAINS, MEAT, and JUTE, listing prices and business status.

Vertical text on the far right edge of the page, including 'FOREIGN DO...', 'DOLLAR', 'EXCHANGE', 'MON', 'SI', 'MON', 'SI'.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar fails to break DM2.30

The dollar finished slightly weaker on the day, with... The dollar eased to DM 2.2735 from DM 2.2760...

DM IN NEW YORK

provided some underlying support for the dollar, but there was some evidence that dealers were running long positions in anticipation of the US currency breaking through DM 2.30...

FINANCIAL FUTURES Mixed changes

Interest rate contracts showed mixed changes in dull and... The yen showed little change against the dollar in quiet Tokyo trading...

for September delivery opened higher, and closed at the day's peak on continued optimism about cuts in UK clearing bank base rates.

POUND SPOT - FORWARD AGAINST POUND

Table with columns: May 27, Day's spread, Close, One month, % Three months, % p.a. Rows include US, Canada, Belgium, Denmark, Ireland, Italy, Spain, Portugal, Norway, France, Sweden, Japan, Switzerland.

CURRENCY MOVEMENTS

Table with columns: May 27, Bank's index, Morgan's index, % change. Rows include Sterling, US dollar, Swiss franc, etc.

CHICAGO

Table with columns: US Treasury Bonds (CBI), US Treasury Bills (IMM), etc. Rows include June, July, August, September.

LONDON

Table with columns: 20-year 12% National Gilt, 10% National Short Gilt, etc. Rows include June, July, August, September.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: May 27, Day's spread, Close, One month, % Three months, % p.a. Rows include UK, Ireland, Canada, Belgium, France, Germany, Italy, Portugal, Norway, Sweden, Japan, Switzerland.

CURRENCY RATES

Table with columns: May 27, Bank's index, Morgan's index, % change. Rows include Sterling, US dollar, Swiss franc, etc.

CURRENCY FUTURES

Table with columns: Pound - \$ (Foreign Exchange), Sterling Index. Rows include Spot, 1-month, 3-month, 6-month, 12-month.

STERLING INDEX

Table with columns: May 27, Previous. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

EXCHANGE CROSS RATES

Table with columns: May 27, £, \$, DM, Yen, F.Fr., S.Fr., H.Fl., Lira, D.F., S.Pt. Rows include US, Yen, F.Fr., S.Fr., H.Fl., Lira, D.F., S.Pt.

OTHER CURRENCIES

Table with columns: May 27, £, \$, DM, Yen, F.Fr., S.Fr., H.Fl., Lira, D.F., S.Pt. Rows include Argentina, Australia, Brazil, Canada, etc.

CURRENCY FUTURES

Table with columns: Pound - \$ (Foreign Exchange), Sterling Index. Rows include Spot, 1-month, 3-month, 6-month, 12-month.

STERLING INDEX

Table with columns: May 27, Previous. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

EURO-CURRENCY INTEREST RATES

Table with columns: May 27, Short term, 7 Days notice, 1 Month, Three Months, Six Months, One Year. Rows include Sterling, US Dollar, Canadian Dollar, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: May 27, Euro central, Currency amounts, % change from central, % change from adjusted for divergence. Rows include Belgium, Denmark, Germany, France, etc.

FT LONDON INTERBANK FIXING

Table with columns: Three months US dollars, Six months US dollars. Rows include bid 7 1/2, Offer 7.

STERLING INDEX

Table with columns: May 27, Previous. Rows include 8.30 am, 9.00 am, 10.00 am, 11.00 am, 12.00 pm, 1.00 pm, 2.00 pm, 3.00 pm, 4.00 pm.

MONEY MARKETS

Slight easing of London rates

Interest rates eased in quiet trading on the London money market yesterday. A strengthening of the pound against Continental currencies...

NEW YORK RATES

Table with columns: (London), Fed funds, Treasury Bills & Bonds. Rows include One month, Two months, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: May 27, Over night, 7 days notice, Month, Three Months, Six Months, One Year. Rows include Interbank, Starting rate, Local Authority Bonds, etc.

MONEY RATES

Table with columns: May 27, One month, Two months, Three months, Six months, One year. Rows include Frankfurt, Paris, Zurich, Amsterdam, Tokyo, Milan, Brussels, Dublin.

CAPITAL MARKETS REPORT Unrivalled news and analysis of the Euro-bond, U.S. fixed-income and financial futures markets from the premier source.

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Company Notices LAFARGE COPPEE (CEMENTS LAFARGE) 7 1/2 1972/1987 FF100,000,000

SEARS FINANCIAL NETWORK wish to thank the merchants and financial institutions in the United Kingdom who so graciously consented to participate in the international planning research for its new DISCOVER CARD

BRITISH FUNDS

Table of British Funds with columns for High/Low, Stock, Price, Div, and Yield. Includes sections for 'Shorts' (lives up to five years), 'Fire to Fifteen Years', and 'Over Fifteen Years'.

Index-Linked

Table of Index-Linked funds with columns for High/Low, Stock, Price, Div, and Yield.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues with columns for High/Low, Stock, Price, Div, and Yield.

CORPORATION LOANS

Table of Corporation Loans with columns for High/Low, Stock, Price, Div, and Yield.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for High/Low, Stock, Price, Div, and Yield.

LOANS

Table of Loans with columns for High/Low, Stock, Price, Div, and Yield.

Public Board and Ind.

Table of Public Board and Industrial funds with columns for High/Low, Stock, Price, Div, and Yield.

FINANCIAL

Table of Financial funds with columns for High/Low, Stock, Price, Div, and Yield.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for High/Low, Stock, Price, Div, and Yield.

AMERICANS

Table of American funds with columns for High/Low, Stock, Price, Div, and Yield.

AMERICANS - Cont.

Continuation of American funds table with columns for High/Low, Stock, Price, Div, and Yield.

CANADIANS

Table of Canadian funds with columns for High/Low, Stock, Price, Div, and Yield.

BANKS, HP & LEASING

Table of Banks, Hire Purchase, and Leasing funds with columns for High/Low, Stock, Price, Div, and Yield.

BEERS, WINES & SPIRITS

Table of Beers, Wines, and Spirits funds with columns for High/Low, Stock, Price, Div, and Yield.

HIRE PURCHASE, LEASING, ETC.

Table of Hire Purchase, Leasing, etc. funds with columns for High/Low, Stock, Price, Div, and Yield.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads funds with columns for High/Low, Stock, Price, Div, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Continuation of Building, Timber, and Roads share list with columns for High/Low, Stock, Price, Div, and Yield.

DRAPERY & STORES - Cont.

Continuation of Drapery and Stores share list with columns for High/Low, Stock, Price, Div, and Yield.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics shares with columns for High/Low, Stock, Price, Div, and Yield.

ELECTRICALS

Table of Electrical shares with columns for High/Low, Stock, Price, Div, and Yield.

DRAPERY AND STORES

Table of Drapery and Stores shares with columns for High/Low, Stock, Price, Div, and Yield.

FODD, GROCERIES, ETC.

Table of Food, Groceries, etc. shares with columns for High/Low, Stock, Price, Div, and Yield.

HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for High/Low, Stock, Price, Div, and Yield.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) shares with columns for High/Low, Stock, Price, Div, and Yield.

ENGINEERING - Continued

Continuation of Engineering share list with columns for High/Low, Stock, Price, Div, and Yield.

INDUSTRIALS - Continued

Continuation of Industrial share list with columns for High/Low, Stock, Price, Div, and Yield.

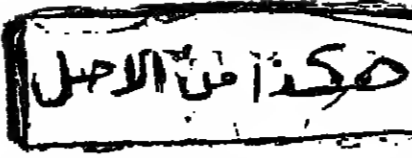
HOTELS AND CATERERS

Table of Hotels and Caterers shares with columns for High/Low, Stock, Price, Div, and Yield.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) shares with columns for High/Low, Stock, Price, Div, and Yield.

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INDUSTRIALS—Continued

Table of industrial stocks including companies like Shell, BP, and various engineering firms, with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure and entertainment stocks, including cinema chains and amusement parks.

MOTORS, AIRCRAFT TRADES

Table of stocks related to the motor and aircraft industries, such as car manufacturers and aviation companies.

PROPERTY—Continued

Table of real estate and property-related stocks, including landowners and developers.

INVESTMENT TRUSTS—Cont.

Table of investment trusts and funds, detailing their assets and performance.

FINANCE, LAND—Cont.

Table of financial and land-related stocks, including banks and landowners.

MINES—Continued

Table of mining stocks, covering various mineral extraction companies.

DIAMOND AND PLATINUM

Table of diamond and platinum mining stocks.

CENTRAL AFRICAN

Table of Central African mining and resource stocks.

INSURANCE

Table of insurance stocks, including life and fire insurance companies.

PROPERTY

Table of property-related stocks, including real estate and land.

LEISURE

Table of leisure and entertainment stocks.

PROPERTY

Table of property-related stocks.

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PROPERTY

Table of property-related stocks.

Notes and miscellaneous information at the bottom of the page, including company announcements and market commentary.

Recent Issues and Rights Page 42 (International Edition Page 46) - Service is available to every company that is on the Stock Exchange through the British Requisitions for a fee of 20% per annum for each security.

WORLD STOCK MARKETS

AUSTRIA

Table with columns: Stock, Price, Change. Includes Creditanstalt, Erste Bank, etc.

GERMANY

Table with columns: Stock, Price, Change. Includes Allianz, BASF, etc.

NORWAY

Table with columns: Stock, Price, Change. Includes Bergens Bank, etc.

AUSTRALIA (continued)

Table with columns: Stock, Price, Change. Includes BHP, etc.

JAPAN (continued)

Table with columns: Stock, Price, Change. Includes Dai-ichi Kangyo Bank, etc.

CANADA

Table with columns: Stock, Price, Change. Includes AMCO, etc.

BELGIUM/LUXEMBOURG

Table with columns: Stock, Price, Change. Includes B.S.I., etc.

NETHERLAND

Table with columns: Stock, Price, Change. Includes AEG, etc.

SPAIN

Table with columns: Stock, Price, Change. Includes Banco Bilbao, etc.

HONG KONG

Table with columns: Stock, Price, Change. Includes Bank East Asia, etc.

SWITZERLAND

Table with columns: Stock, Price, Change. Includes Adia, etc.

DENMARK

Table with columns: Stock, Price, Change. Includes Andelsbanken, etc.

ITALY

Table with columns: Stock, Price, Change. Includes Banco Comita, etc.

FRANCE

Table with columns: Stock, Price, Change. Includes Air France, etc.

JAPAN

Table with columns: Stock, Price, Change. Includes All Nippon, etc.

SINGAPORE

Table with columns: Stock, Price, Change. Includes Boustead, etc.

INDICES

Table with columns: Index, Value, Change. Includes NYSE, FTSE, etc.

NEW YORK

Table with columns: Stock, Price, Change. Includes IBM, etc.

SOUTH AFRICA

Table with columns: Stock, Price, Change. Includes ABC, etc.

MONTEREAL

Table with columns: Stock, Price, Change. Includes Bell Canada, etc.

OVER-THE-COUNTER

Table with columns: Stock, Price, Change. Includes various OTC stocks.

INDEXES

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Prices at 3pm, May 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for 12 Month High/Low, Stock Name, Price, Change, and various market indicators.

Kidder, Peabody Securities Limited advertisement including text: 'Market Makers in Euro-Securities', 'An affiliate of Kidder, Peabody & Co. Incorporated', and contact information for New York, London, Paris, Geneva, Zurich, Hong Kong, Tokyo.

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div, Yld, P/E, 52 Week High, Low, and Change. Includes sub-sections for Continued from Page 48 and Continued on Page 47.

AMEX COMPOSITE PRICES

Prices at 3pm, May 27

Table of AMEX Composite Prices listing various stocks with columns for 12 Month High, Low, Stock, Div, Yld, P/E, 52 Week High, Low, and Change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices listing various stocks with columns for Stock, Sales, High, Low, Last, and Change. Includes sub-sections for Continued on Page 47 and Continued on Page 48.

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FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Firm dollar shows way to heights

FIRMNESS in the dollar and in federal bond prices kept Wall Street moving ahead yesterday, writes Terry Byland in New York.

Turnover was moderate, but by mid-session major market indices were within 1 percentage point of their current peaks, and the American Stock Exchange index had edged to a record high.

Interest focused on blue chips, which were led forward by a good recovery in IBM. Burroughs confirmed expectations by sweetening its offer for Sperry.

At 3pm the Dow Jones industrial average was up 15.38 at 1,838.85.

Optimism over interest rates continued to provide the impetus for the upswing in stocks. Yields on long-dated federal bonds fell to around 7.40 per cent returning to levels last seen a month ago. Helping sentiment on inflation prospects, crude oil futures remained weak in New York.

Analysts suggest that sluggishness in the economy will maintain downward pressure on interest rates as well as making it easier for the Federal Reserve to cut its discount rate again. The recovery in the dollar implies continued support from foreign buyers for the US bond market.

However, early gains in equities topped off at noon, when turnover began to flag. Despite the dollar's firmness, some of the strongest gains came in pharmaceutical stocks, which are heavily export-oriented. Merck, a Dow constituent, jumped 2 1/4% to \$98 1/2 while Bristol-Myers at \$80 1/4 gained 1 1/4% and Pfizer at \$62 1/4 added 1 1/4%.

Also strong were paper industry stocks, after two major broking firms forecast that the much-battered paper market would stage a substantial recovery this year. International Paper, the world leader, was recommended by both analysts and gained 3/4% to \$59 1/2.

Other leading paper industry issues to move up included Mead, 5 1/4% at \$49, and Kimberly Clark, up 5 1/4% at \$4. Upjohn, still responding to prospects for its anti-baldness drug, soared by a further 5 3/4% to \$97 1/2, but IBM disappointed the market again, settling with a 1/4% gain at \$14 1/4 after failing to hold its best level. Digital Equipment fell 1/4% to \$87 1/2 and Honeywell 1/4% to \$76 1/4.

Sperry, suspended briefly when Burroughs increased its bid to \$76.50 a share - but on a different mix of cash and paper - returned to trade at \$74 1/4, up 1 1/4% in brisk turnover. Burroughs eased 1/4% to \$59 1/2 as the arbitrageurs waited for the Sperry board to express an opinion on the new offer.

Helped by the latest car sales statistics, General Motors edged up 1/4% to \$77 1/2, Ford 1/4% to \$78 1/2 and Chrysler 1/4% to \$87 1/2.

Steel industry stocks held steady, Bethlehem Steel improving 3/4% to \$49 as union leaders appeared to respond favourably to plans to trim wage costs.

Defence and aerospace issues moved up although General Electric eased 1/4% to \$79 1/4. Scattered gains across the broad range of industrials took Minnesota Mining up 1/4% to \$103 1/4.

Among the financial issues, renewed speculative buying took American Express up by \$1 to \$81. As short-term rates edged lower, stocks in the money centre banks improved, Citicorp adding 1/4% to \$41 1/4 and Bankers Trust 1/4% to \$48.

Corestates Financial fell 1 1/4% to \$41 1/4 after bidding for First Jersey National, up 1 1/4% at \$52 1/4. The bid, worth \$439m, must wait for the necessary changes in the state laws concerned.

Gains in the bond market were trimmed at mid-session as support waned in a sluggish market. Treasury bill rates eased by a few basis points as the Fed again helped liquidity, this time with \$1.5bn in customer repurchase arrangements when federal funds stood at 8 1/2% per cent.

EUROPE

Institutions compete with foreigners

INSTITUTIONAL demand competed with occasional forays by foreign buyers in mixed European trading yesterday. Most investors, however, had their eyes firmly fixed on France to see what scale of technical recovery could be achieved.

Paris staged only a partial recovery with most of the market's strength displayed in the morning session. The afternoon session was extended by one hour to cope with extra, overseas inspired, demand.

Trading remained active but below the FFR 1.92bn level of Monday as foreign investors and domestic institutions started a bargain-hunting spree.

Banks, which had suffered broad losses on Monday, regained their composure, with Cie Bancaire FFR 49 higher at FFR 1.159, while Finextel surged FFR 44.20 to FFR 302.

Radiotechnique was one of the best performers with its FFR 80 jump to FFR 820 while Peugeot, very unsettled on Monday, recouped FFR 53 to FFR 925 amid redundancies among its white-collar staff and Agece Havas rose 5.9 per cent to FFR 1,600.

Shares that were suspended to the previous session due to large order imbalances suffered brisk mark-downs. Dumex tumbled FFR 230 to FFR 1,290 while Au Printemps declined FFR 68 to FFR 563.

Stockholm was firm as heavy institutional buying of Volvo boosted the broad market.

The car maker firmed a further SKr 3 to SKr 418 ahead of news that an official lock-out of 180,000 metalworkers would begin on June 4.

Ferrotec was suspended at SKr 171 pending an announcement tomorrow. Swedish Match suffered one of the largest falls of the day with its SKr 10 setback to SKr 330 while Aga lost SKr 5 to SKr 184. Cellulosa jumped SKr 7 to SKr 242.

Frankfurt suffered a sharp decline exacerbated by thin trading as the absence of US investors on Monday continued to weigh on the market. The Commerzbank index fell 40.3 to 1,949.0.

Isolated gains such as Hoechst, up DM 2 to DM 279.50 ex-rights did little to buoy sentiment. Linde's DM 1 advance to DM 709 was attributed to the engineer's higher turnover, profit and orders for the start of the year. MAN took one of the largest falls with its DM 14.50 dip to DM 180 while Mannesmann gave up DM 9.20 to DM 210.30.

Preussag in metals was DM 6.50 cheaper at DM 198 after reporting a loss for 1993. Degussa finished DM 1 down at DM 457 on consideration of its lower six-month sales.

The bond market featured strong foreign interest in the new 30-year federal government loan stock leaving overnight prices buoyant and unchanged. Domestic investors remained cautious ahead of the re-opening of the US market. The Bundesbank sold DM 43m worth of paper compared with Monday's DM 41.8m sale.

Brussels was hesitant as investors became concerned at growing labour unrest over the Government's austerity measures.

Market bellwether Petrofina, however, moved against the trend with its Bfr 40 advance to Bfr 8,040. Societe Generale de Belgique produced one of the sharper falls of the session with its Bfr 55 decline to Bfr 3,000 while ACEC retreated Bfr 46 to Bfr 1,328.

Milan was not inspired by the 1 percentage point cut in discount and prime rates initiated on Monday, and the broad market turned lower in quiet trading.

Bastogi moved against the trend with its L15 gain to L875 while leading industrials eased, with Fiat down L351 to L13,000 and Montedison L83 to L3,751.

Settlement day trading featured in a mixed to lower Zurich. Retailer Globus added Sfr 100 to Sfr 7,250 after a strong buy recommendation from a London analyst and record earnings for last year.

Oslo was unsettled ahead of Friday's expected stock exchange tax proposals. Amsterdam drifted lower in quiet trading although some domestic consumer stocks posted gains.

Madrid was mixed, with utilities showing the largest losses.

TOKYO

Fresh peak underpinned by builders

CONSTRUCTION and other domestic oriented stocks were favoured in Tokyo yesterday, and the Nikkei stock average sealed a peak for the fourth consecutive session, writes Shigeo Nishitaki of Jiji Press.

The index added 57.88 points to 16,487.35. Trading volume swelled from 497m on Monday to 859m shares. But declines outnumbered advances by 426 to 415, with 146 issues unchanged.

Construction and other stocks related to the fiscal investment and loan programme drew popularity after news that the Government and the ruling Liberal-Democratic Party plan to compile a Y3,000bn (\$17.6bn) supplementary budget to reflate the economy before a "double election" of both chambers of the Diet (Parliament) planned for July 6.

Properties became popular in the afternoon. Kawasaki Kisen, the most active with 30.83m shares traded, jumped Y26 to Y222. Contractors, meanwhile, accounted for four of the 10 most active stocks. Kajima Corp was the second busiest stock with 18.54m shares traded and soared Y37 to a record Y880. Taisei Corp gained Y25 to Y520. Penta-Ocean Construction Y26 to Y639. Toa Harbor Works Y17 to Y500. Daiwa House Y50 to Y1,500 and Hazama-Gumi Y38 to Y478.

The Nikkei stock average retreated when buying of construction halted towards the morning close. But it more than regained the lost ground in the afternoon on renewed buying of construction and properties by a major securities company's financial institution division and investment trusts.

Mitsubishi Estate, fourth busiest with 15.68m shares, climbed Y100 to Y2,020. Mitsui Real Estate Y80 to Y1,740 and Nippon Express Y33 to Y938. Major properties, warehouses and other hidden-asset issues had remained out of favour after leading the market last March.

Some market participants expect institutional investors to issue large buy orders for these domestic demand-linked stocks again in June.

Biotechnology-related stocks were also in the limelight. Kuraray was active and advanced Y30 to a record Y1,940. Nippon Kayaku Y40 to a record Y1,140 and Meiji Seika Kaisha Y43 to Y843. Conversely, Kyowa Hakko, a main gainer on Monday, shed Y80 to Y1,730.

Responding to results were Daihappon Ink and Chemicals, which was Y2 higher at Y435 after a 1 per cent gain in pre-tax

profits for the year, and Fujitsu, Y3 cheaper at Y879, as earnings plunged 68 per cent because of the high yen. Fanuc, the robot maker 42 per cent owned by Fujitsu, dipped Y10 to Y6,850 as its president announced a move on costs.

Tokyo Electric power firmed Y90 to Y3,930 on strong earnings for 1993, and Toyko Gas was unchanged at Y400 despite higher profits while Sharp slipped Y17 to Y981 on a 2.6 per cent growth in unconsolidated net earnings for last year.

Bonds were sold in early trading, reflecting concern over a possible increase in construction bond issuance for the large-scale supplementary budget. Another unfavourable factor was a rumour that the Ministry of Finance may issue more than Y1,000bn of government bonds in June.

Bond prices later rebounded slightly after news that the issue amount of June bonds would be limited to around Y900bn. The yield on the bellwether 6.2 per cent government bond due in July 1995 increased from 4.835 to 4.835 per cent. The yield on the 5.1 per cent government bond maturing in March 1996 surged from 4.895 to 5.015 per cent.

AUSTRALIA

CONTINUED ACTIVE trading in take-over target BHP was not widely reflected in Sydney where activity was lacklustre and shares closed slightly easier. The All Ordinaries share index closed 3.3 down at 1,200.9.

Bell Resources, whose partial bid for BHP expired yesterday, lost 5 cents to AS1.10. New Bell shares also lost 5 cents to AS3.85, but the Bell Group gained 6 cents to AS8.58. BHP, which fell to AS8.40 in the first hour, closed unchanged at AS8.80.

SINGAPORE

PRICES CONTINUED firm in Singapore and the Straits Times industrial index rose 11.57 to 628.43. In fairly active trading on a broadly firm front blue chips along with second-line industrials enjoyed support. Banks were also steady.

Promet topped the active with a turnover of 1.3m and added 7 cents to close at 36 cents. Sime Darby gained 3 cents to S\$1.24.

HONG KONG

NEWS that Swire Properties had bought a major site for HK\$1,005bn in a government land auction yesterday caused prices to end slightly firmer in Hong Kong. The Hang Seng index closed up 4.43 at 1,816.30, and the Hoog Kong index rose 2.60 to 1,129.3.

Swire Pacific, parent of Swire Properties, was unchanged at HK\$13, and most other property shares eoded steady.

LONDON

Lacklustre return from holiday

LACKLUSTRE activity marked the resumption of London trading yesterday after the holiday weekend, and the FT Ordinary share index edged down 1 1/4% to 1,324.8. Some professional operators opted to extend the holiday, and interest throughout the session was low, especially in equities.

The belief that UK interest rates are unlikely to fall much below their current 10 per cent during the summer dampened enthusiasm, and leading issues began the final phase of the three-week slump at lower levels.

Wall Street's strong recovery made little impact on international issues, most of which retreated in the wake of dullness in Beecomb, down 1 1/2% to 185 and British Telecom, 4 1/2% to 180.

Weekend newspaper recommendations produced fewer features than usual, but Hanson up 6p to 100p retained this trend on speculation that the disposal of its Courage brewery was a priority among any Imperial Group asset sales.

In government securities, however, was only marginally better, but the exchange rate's improvement against the dollar persuaded some buyers.

Chief price changes: *See FT Details, Page 46. Share information service, Pages 44-45.*

SOUTH AFRICA

GOLD SHARES closed lower across the board in Johannesburg, with the two attractions of the day - Randfontein and Barlows Rand - notching up turnover of R1.6 and R1.5m, respectively. Randfontein gained R3 to R257.

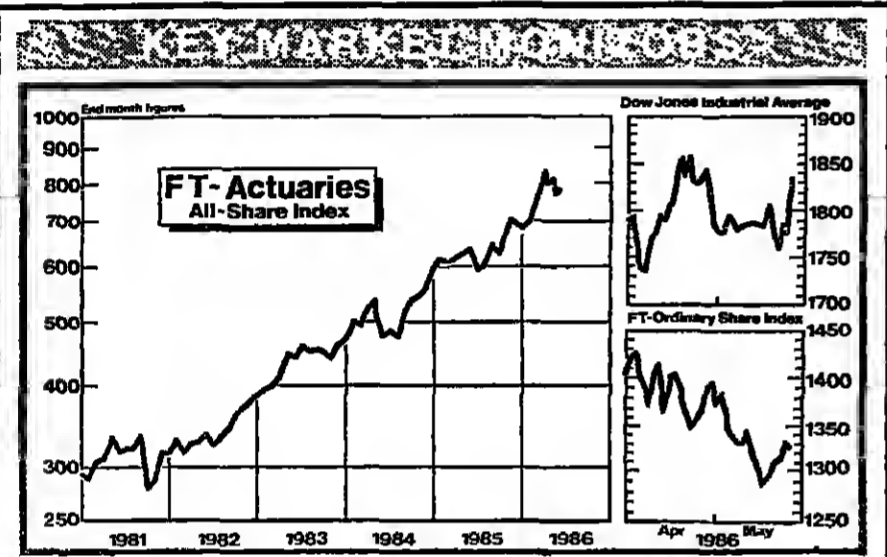
On the industrial board Barlows Rand, which reported a higher than expected improvement in earnings on Monday, gained 40 cents at R18.

In diamonds De Beers rose 50 cents to R25.50.

CANADA

METALS and mines firmed in active Toronto trading while industrials, oils and utilities turned lower. Dome Petroleum, which again warned that its continued existence may depend on higher oil prices, was actively traded 9 cents lower to C\$1.06.

In Montreal moderately active trading saw Power Corp up C\$1 1/4 to C\$30 1/4 and Imasco up C\$7 to C\$33 1/4.



STOCK MARKET INDICES			
	May 27	Previous	Year ago
NEW YORK			
DJ Industrials	1,838.65	1,823.29	n/a
DJ Transport	804.22	797.96	627.55
DJ Utilities	184.97	184.35	161.86
S&P Composite	242.36	241.35	188.29
LONDON			
FT Ord	1,324.8	1,331.4	1,008.5
FT-SE 100	1,612.1	1,598.8	-
FT-A All-share	791.82	786.71	635.76
FT-A 500	873.40	866.66	-
FT Gold mines	232.1	237.6	-
FT-A Long gilt	9.10	8.13	10.77
TOKYO			
Nikkei	16,487.35	16,409.5	12,642.7
Tokyo SE	1,283.90	1,278.9	989.63
AUSTRALIA			
All Ord.	1,200.9	1,204.6	878.7
Metals & Mins.	500.0	504.0	551.3
AUSTRIA			
Credit Aktien	121.87	121.80	97.27
BELGIUM			
Belgian SE	3,665.76	3,681.26	2,335.86
CANADA			
Toronto			
Metals & Mins	2,058.7	2,036.1	-
Composite	3,058.2	3,049.7	-
Montreal			
Portfolio	1,556.23	1,551.8	-
DENMARK			
SE	n/a	231.29	192.20
FRANCE			
CAC Gen	356.00	-	228.8
Ind. Tendence	132.70	130.4	82.65
WEST GERMANY			
FAZ-Aktien	644.74	656.73	445.63
Commerzbank	1,948.00	1,998.3	1,304.2
HONG KONG			
Hang Seng	1,816.30	1,811.87	1,557.78
ITALY			
Banca Comm.	849.06	857.54	310.30
NETHERLANDS			
ANP-CBS Gen	286.40	287.9	210.7
ANP-CBS Ind	274.80	275.7	171.0
NORWAY			
Oslø SE	339.35	341.88	336.28
SINGAPORE			
Straits Times	628.43	616.88	615.20
SOUTH AFRICA			
JSE Golds	-	1,166.4	1,042.5
JSE Industrials	-	1,156.7	968.8
SPAIN			
Madrid SE	170.86	172.73	81.47
SWEDEN			
J & P	2,306.67	2,313.24	1,364.61
SWITZERLAND			
Swiss Bank Ind	567.90	569.8	432.5
WORLD			
M6 Capital Int'l	315.1	315.0	210.7

CURRENCIES			
	May 27	Previous	May 27
US DOLLAR			
(London)	1.506	1.496	1.496
DM	2.755	2.775	3.405
Yen	169.25	169.65	255.00
FFr	7.24	7.2425	10.905
Sfr	1.881	1.865	2.825
Guilder	2.5575	2.5555	3.825
Lira	1.560	1.556	2,349.5
BFR	46.45	46.4	69.95
CS	1.3745	1.3675	2.0645
INTEREST RATES			
Euro-currency			
(3-month offered rate)			
£	10	10 1/4	10 1/4
Sfr	4 1/4	4 1/4	4 1/4
DM	4 1/4	4 1/4	4 1/4
FFr	7 1/4	7 1/4	7 1/4
FT London Interbank fixing			
(offered rate)			
3-month US\$	7	7 1/4	7 1/4
6-month US\$	7 1/4	7 1/4	7 1/4
US Fed Funds	6 1/4	6 1/4	6 1/4
US 3-month CDs	6 1/4	6 1/4	6 1/4
US 3-month T-bills	6 1/4	6 1/4	6 1/4
US BONDS			
Treasury			
	May 27	Prev	Yield
7 1/2 1988	99 1/2	7.14	99 1/2
7 1/2 1993	98 1/2	7.73	97 1/2
7 1/2 1996	97 1/2	7.75	96 1/2
7 1/2 2016	98	7.41	96 1/2
Source: Harris Trust Savings Bank			
Treasury Index			
Maturity (years)	Return	May 27	Yield
	index	change	Day's
1-30	149.64	+0.97	7.74
1-10	142.50	+0.61	7.60
1-3	134.78	+0.33	7.28
3-5	144.15	+0.61	7.83
15-30	175.35	+2.23	8.21
Source: Merrill Lynch			
Corporate			
	May 27	Prev	Yield
AT & T			
3 1/2 July 1990	90	6.72	89.54
SCBT South Central			
10% Jan 1993	106	8.04	105 1/2
Philbro-Sat			
8 April 1996	96.36	8.55	98
TRW			
8% March 1996	101.61	8.50	100.99
Arco			
9% March 2016	104	9.37	104 1/2
General Motors			
8% April 2016	93	8.79	92 1/2
Campcor			
9% March 2016	98	9.55	97 1/2
Source: Salomon Brothers			
FINANCIAL FUTURES			
CHICAGO			
	Latest	High	Low
US Treasury Bonds (CBT)			
8% 32nds of 100%			
June	97-18		